



Oklahoma City Public Property Authority

A blended component unit of The City of Oklahoma City, Oklahoma

Annual Financial Report | for the Fiscal Year ended June 30, 2018



THE OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

A Blended Component Unit of
Oklahoma City, Oklahoma

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Annual Financial Report for the Fiscal Year Ended June 30, 2018

Prepared by The Oklahoma City Finance Department, Accounting Services Division
Laura L. Papas, Controller

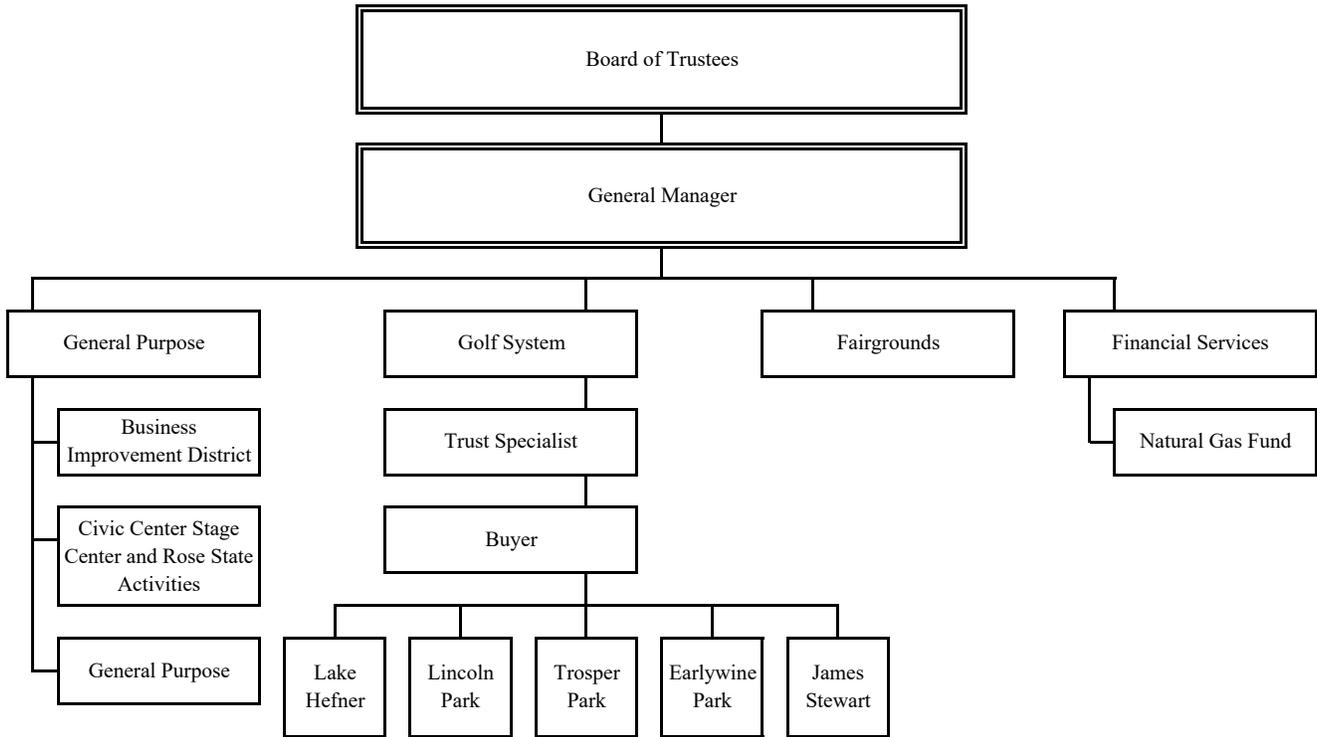
THE OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

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Oklahoma City Public Property Authority Organization Chart



Introductory Section



The City of
OKLAHOMA CITY
DEPARTMENT OF FINANCE

November 16, 2018

The Board of Trustees
Oklahoma City Public Property Authority

The Oklahoma City Public Property Authority (Authority) annual financial report (annual report) provides a comprehensive overview of the Authority's financial position and the results of operations during the past fiscal year. It complies with reporting requirements specified by Oklahoma State Statutes. The Oklahoma City Finance Department, Accounting Services Division, prepared this report in compliance with accounting principles generally accepted in the United States of America (U.S. GAAP). It is fairly stated in all material respects. Responsibility for the accuracy of the reported information and the completeness and fairness of the presentation, including disclosures, rests with the Authority.

The Authority's annual report includes the independent auditor's reports, management's discussion and analysis (MD&A), Authority-wide, fund, and combining financial statements, related notes, and required supplementary information. Management's narrative on the financial activities of the Authority for the fiscal years ended June 30, 2018 and 2017, is in the MD&A section of this report, immediately following the independent auditor's report on financial statements and supplementary information. The Authority's reporting entity is comprised of financial and operating activities conducted within the legal framework of the Authority. Only funds within that framework are included. The Authority is a blended component unit of the City of Oklahoma City (City) and, as such, is included within the funds of the City's Comprehensive Annual Financial Report (CAFR).

The Authority, a public trust, was created and exists by trust indenture dated August 15, 1961, pursuant to the provision of Title 60, Section 176 to 180 of the Oklahoma Statutes 1951, and the Oklahoma Trust Act. The property is held and administered by the Authority for the use and benefit of the City under the terms of the trust indenture. The City's Mayor and Council serve as the Authority's Trustees and the City Manager is the General Manager.

Services and activities of the Authority provided on behalf of the City include financing and operation of five municipal golf courses, the Oklahoma City Fairgrounds, Cox Convention Center, Chesapeake Energy Arena, Civic Center Music Hall, and other City buildings. The Authority uses City hotel/motel tax collections to fund debt service on bonds issued for fairgrounds improvements.

In January 1966 the Golf Commission was created by the Authority to establish plans and recommend policies for the operation, maintenance, and construction of the golf courses and related facilities and activities.

The Authority uses fees collected by the City to provide improvements and special services for property owners in City business improvement districts. Property owners are assessed fees to fund these services. There are currently five business improvement districts in the City including Downtown, Stockyards, Western Avenue, Capitol Hill, and Adventure.

Oklahoma City's recovery from the regional recession caused by the significant downturn in the energy industry took hold during fiscal year 2018. Higher oil and natural gas prices have meant significant gains in employment and investment in the energy sector and have led to broad economic strength in Oklahoma. While Oklahoma City has a diverse economic base, the energy industry still has a major impact on the health of the local economy. Going forward, Oklahoma City has a number of factors in its favor. The cost of living and the cost of doing business are consistently rated among the best in the country. In addition, low commuting times, convenient airline travel, and excellent entertainment and sports opportunities make Oklahoma City a great place for businesses and residents.

Oklahoma City is being recognized more and more as a great place to work, live, and visit. According to CNBC and Go Banking Rates, Oklahoma City was the number 1 city in the country where wages most outpaced expenses based on average annual income and average monthly living expenses. Oklahoma City was ranked as one of the top 10 "Best Cities for New Small Businesses" based on average annual revenue and profitability. The website OnlineDegrees.com rated the Oklahoma City metro as the number eleven "Best Big Cities for New Grads." Business Insider rated Oklahoma City as number 8 on their list of most popular cities everyone wants to live in right now based on factors such as migration ratio and growth rate. Southern Living magazine and Money magazine both ranked Oklahoma City as a top destination for travel.

In his February 6, 2018 report, Dr. Russel Evans, Executive Director of the Steven C. Agee Economic Research & Policy Institute of Oklahoma City University, provided his economic forecast to the City Council during the annual budget workshop. Dr. Evans highlighted state economic performance relative to the U.S. economy and how the two diverged significantly between 2015-early 2017 with Oklahoma impacted by the contraction in the oil and gas industry. Dr. Evans noted how important the metro areas in Oklahoma have become to the state economy and how much better Oklahoma City has performed on his macroeconomic performance index compared to Tulsa and the rest of the state. The macroeconomic index tracks employment, income and business creation. Dr. Evans forecasted U.S. Gross Domestic Product (GDP) to grow at a rate of 2.2% in 2018 and 2.1% in 2019. He is projecting higher growth in Oklahoma with projected gross state product growth of 3.6% in 2018 and 3.2% in 2019. The outlook for Oklahoma City is also very positive, with projections for steady growth in population, per capita personal income, and employment. Dr. Evans' fiscal forecast for Oklahoma City projects sales tax growth in FY19 of 3.0%-3.3%.

The Authority participates in the City's comprehensive accounting and budgetary system. Interim financial statements provide Authority management and other interested readers with regular financial analyses. Additionally, the Authority's management maintains budgetary controls to ensure effective financial oversight.

By City Council resolution, public trusts of which the City is the beneficiary are encouraged to use the independent auditors competitively selected by the City. In compliance with that resolution, the Authority engaged AGH, L.C. to conduct its annual audit. The Authority acknowledges the professional and competent services of its independent auditors.

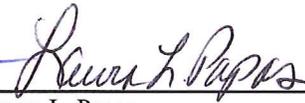
Respectfully submitted,



James D. Couch
City of Oklahoma City,
General Manager



Craig Freeman
City of Oklahoma City,
Finance Director



Laura L. Papas
City of Oklahoma City,
Controller

Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Oklahoma City Public Property Authority
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Oklahoma City Public Property Authority (Authority), a blended component unit of the City of Oklahoma City, Oklahoma (City), as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Authority as of June 30, 2018 and 2017, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in *Note IV.*, in 2018, the Authority adopted Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining financial statements as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying transmittal letter is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The transmittal letter has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Allen, Gibbs & Houlik, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

November 16, 2018
Wichita, KS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Oklahoma City Public Property Authority (Authority) annual financial report, the Authority's management provides narrative discussion and analysis of the financial activities of the Authority for the fiscal years ended June 30, 2018 and 2017. The Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Additional information is available in the transmittal letter which precedes this discussion and analysis. The Authority is a blended component unit of the City of Oklahoma City.

Financial Summary

- Authority assets and deferred outflows exceeded liabilities and deferred inflows by \$65,419,477 (net position) for 2018. This compares to 2017 when assets and deferred outflows exceeded liabilities and deferred inflows by \$74,188,098.
- Total assets for the Authority decreased by \$10,396,037 to \$186,053,494 during fiscal year 2018 and decreased by \$7,024,292 to \$196,449,531 during fiscal year 2017.
- Total liabilities for the Authority decreased by \$2,477,675 to \$120,189,565 during fiscal year 2018 and increased by \$475,533 to \$122,667,240 during fiscal year 2017.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$57,240,718 and \$62,815,020 for 2018 and 2017, respectively, include property and equipment, net of accumulated depreciation and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Restricted net position of \$5,179,943 and \$4,555,146 for 2018 and 2017, respectively, is restricted for capital projects and debt service.
 - (3) Restricted net position of \$268,903 and \$876,944 for 2018 and 2017, respectively, is restricted for public service.
 - (4) Restricted net position of \$1,825,079 and \$1,496,397 for 2018 and 2017, respectively, is restricted for culture and recreation.
 - (5) Unrestricted net position is \$904,834 for 2018 and \$4,444,591 for 2017.
- The Authority's governmental fund reported total ending fund balance of \$13,830,831 in 2018. This compares to the 2017 ending fund balance of \$13,586,570, showing an increase of \$244,261 during 2018.

Overview of the Financial Statements

This discussion and analysis introduces the Authority's basic financial statements. The basic financial statements include: (1) Authority-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Authority also includes in this report additional information to supplement the basic financial statements.

Authority-wide Financial Statements

The Authority's annual report includes two Authority-wide financial statements. These statements provide both long-term and short-term information about the overall status of the Authority and are presented to demonstrate the extent to which the Authority has met its operating objectives efficiently and effectively using all the resources available and whether the Authority can continue to meet its objectives in the foreseeable future. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

The first of these Authority-wide statements is the statement of net position. This statement presents all of the Authority's assets and liabilities, with the difference reported as net position. Increases or decreases in net position may indicate whether the financial position of the Authority, as a whole, is improving or deteriorating, identify financial strengths and weaknesses, and be used to assess liquidity.

The second Authority-wide statement is the statement of activities which reports how the Authority's net position changed during the fiscal years and can be used to assess the Authority's operating results in its entirety and analyze how the Authority's programs are financed. All revenues and expenses are included regardless of when cash is received or paid.

Both Authority-wide financial statements distinguish governmental activities from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities column includes general government functions supporting public services and culture and recreation activities, including economic development reported in the Authority's governmental fund. Business-type activities include golf courses, fairgrounds, and financial services.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. All Authority funds are reported as major funds.

Governmental Fund

The governmental fund is reported in the fund financial statements and reports public services and culture and recreation functions as reported in the Authority-wide financial statements. Fund statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements and the commitment of spendable resources for the near-term.

Since the Authority-wide financial statements focus includes the long-term view, comparisons between the two perspectives may provide useful insights. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to assist in understanding the differences between these two perspectives.

Proprietary Funds

Proprietary funds are reported in the fund financial statements and generally report services for which the Authority charges customers a fee. The Authority reports these as enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the Authority-wide financial statements. Services of enterprise funds are provided to customers external to the Authority such as public golf courses.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the Authority-wide financial statements. Individual golf course information which comprises the Golf Courses Fund is found in the combining statements in a later section of this report.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to gain a full understanding of the Authority-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees, including employees of the Authority.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018 and 2017

OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY

Financial Analysis

Governmental activities support public services, parks, and public events, including economic development projects. The Authority contracts with Superior Management Group (SMG), an outside firm for the management and operation of the Cox Convention Center and the Chesapeake Energy Arena. The Civic Center Music Hall and certain activities related to the downtown canal are classified as other cultural and recreational venues administered through the Authority. The City's business improvement district service contracts are also administered through the Authority. These activities are subsidized by the City.

Business-type activities are primarily comprised of five public golf courses, fairgrounds and central financing services that receive support from the City.

The Authority's net position at June 30, 2018 is \$65,419,477. This is a decrease of \$8,768,621 from the June 30, 2017 net position of \$74,188,098. Overall the Authority's financial position declined during fiscal year 2018.

Summary of Net Position

	Governmental		Business-type		Total		2018 - 2017 % Change	Governmental	Business-type	2016 Total	2017 - 2016 % Change
	Activities		Activities					Activities	Activities		
	2018	2017	2018	2017	2018	2017		2016	2016		
Assets											
Current assets	\$24,251,788	\$28,793,702	\$17,889,764	\$23,610,162	\$42,141,552	\$52,403,864	(19.6%)	\$23,877,287	\$27,050,967	\$50,928,254	2.9%
Capital assets, net	83,186,363	83,984,031	58,588,181	58,279,673	141,774,544	142,263,704	(0.3)	86,501,535	63,597,162	150,098,697	(5.2)
Other non-current assets	<u>164,128</u>	<u>235,445</u>	<u>1,973,270</u>	<u>1,546,518</u>	<u>2,137,398</u>	<u>1,781,963</u>	19.9	-	<u>2,446,872</u>	<u>2,446,872</u>	(27.2)
Total assets	<u>107,602,279</u>	<u>113,013,178</u>	<u>78,451,215</u>	<u>83,436,353</u>	<u>186,053,494</u>	<u>196,449,531</u>	(5.3)	<u>110,378,822</u>	<u>93,095,001</u>	<u>203,473,823</u>	(3.5)
Deferred outflows	-	-	<u>702,811</u>	<u>872,557</u>	<u>702,811</u>	<u>872,557</u>	(19.5)	-	<u>132,499</u>	<u>132,499</u>	558.5
Liabilities											
Current liabilities	10,945,233	15,924,603	7,703,800	6,404,175	18,649,033	22,328,778	(16.5)	11,400,704	6,332,601	17,733,305	25.9
Non-current liabilities	<u>5,746,728</u>	<u>3,590,604</u>	<u>95,793,804</u>	<u>96,747,858</u>	<u>101,540,532</u>	<u>100,338,462</u>	1.2	<u>3,836,654</u>	<u>100,621,748</u>	<u>104,458,402</u>	(3.9)
Total liabilities	<u>16,691,961</u>	<u>19,515,207</u>	<u>103,497,604</u>	<u>103,152,033</u>	<u>120,189,565</u>	<u>122,667,240</u>	(2.0)	<u>15,237,358</u>	<u>106,954,349</u>	<u>122,191,707</u>	0.4
Deferred inflows	-	-	<u>1,147,263</u>	<u>466,750</u>	<u>1,147,263</u>	<u>466,750</u>	145.8	-	<u>543,600</u>	<u>543,600</u>	(14.1)
Net position (deficit)											
Net investment in											
capital assets	82,754,268	83,928,293	(25,513,550)	(21,113,273)	57,240,718	62,815,020	(8.9)	86,321,087	(15,498,761)	70,822,326	(11.3)
Restricted for:											
Capital projects	1,608,715	1,111,636	1,115	993	1,609,830	1,112,629	44.7	669,118	990	670,108	66.0
Debt service	-	-	3,570,113	3,442,517	3,570,113	3,442,517	3.7	-	3,391,745	3,391,745	1.5
Public services	268,903	876,944	-	-	268,903	876,944	(69.3)	2,320,755	-	2,320,755	(62.2)
Culture and recreation	1,825,079	1,496,397	-	-	1,825,079	1,496,397	22.0	2,476,855	-	2,476,855	(39.6)
Unrestricted	<u>4,453,353</u>	<u>6,084,701</u>	<u>(3,548,519)</u>	<u>(1,640,110)</u>	<u>904,834</u>	<u>4,444,591</u>	(79.6)	<u>3,353,649</u>	<u>(2,164,423)</u>	<u>1,189,226</u>	273.7
Total net position (deficit)	<u>\$90,910,318</u>	<u>\$93,497,971</u>	<u>(\$25,490,841)</u>	<u>(\$19,309,873)</u>	<u>\$65,419,477</u>	<u>\$74,188,098</u>	(11.8)	<u>\$95,141,464</u>	<u>(\$14,270,449)</u>	<u>\$80,871,015</u>	(8.3)

Governmental activities current assets decreased by \$4.54 million and increased by \$4.92 million in 2018 and 2017, respectively. Cash and investments decreased \$4.37 million for 2018 and increased \$4.91 million for 2017. Accounts receivable decreased \$62 thousand in 2018 and decreased \$308 thousand in 2017 primarily related to timing of event related receivables at the Chesapeake Energy Arena and Cox Convention Center.

Business-type activities current assets decreased by \$5.72 million and \$3.44 million in 2018 and 2017, respectively. Cash and investments decreased \$5.33 million in 2018. Receivable from the City decreased \$385 thousand in 2018 due to payments received for fairground capital projects. Cash and investments decreased \$3.51 million in 2017 primarily due to fairgrounds construction projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018 and 2017

OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY

Capital assets for governmental activities, net of accumulated depreciation, decreased \$798 thousand and \$2.52 million in 2018 and 2017, respectively. This is primarily related to normal depreciation of \$5.72 million and \$4.80 million in 2018 and 2017, respectively, offset by acquisitions and construction costs. Business-type activities capital assets, net of accumulated depreciation, increased \$309 thousand in 2018 primarily related to acquisitions and construction costs, offset by normal depreciation of \$7.60 million. In 2017, it decreased \$5.32 million due to normal depreciation of \$6.62 million, offset by acquisitions and construction costs.

Total liabilities in 2018 decreased \$2.82 million in governmental activities primarily due to decreases of \$4.53 million in unearned revenue related to the Chesapeake Energy Arena and Cox Convention and \$469 thousand due to timing of vendor payments, offset by a \$2.03 million increase in payable to the City primarily related to the purchase of a sound system for the Civic Center by the Oklahoma Municipal Facilities Authority. Total liabilities in 2017 increased \$4.28 million in governmental activities primarily from unearned revenue increases of \$4.55 million for Chesapeake Energy Arena and Cox Convention Center events.

Total liabilities in business-type activities increased \$346 thousand in 2018 primarily due to an increase in net OPEB liability from the implementation of GASB 75, offset by scheduled debt service payments. Total liabilities in business-type activities decreased \$3.80 million in 2017 primarily due to scheduled debt service payments.

Summary of Changes in Net Position

	Governmental		Business-type		Total		2017 - 2018	Governmental	Business-type	2016	2017 - 2016
	Activities		Activities					Activities	Activities		
	2018	2017	2018	2017	2018	2017	% Change	2016	2016	Total	% Change
Revenues											
Charges for services	\$21,200,963	\$20,884,282	\$9,723,818	\$9,768,281	\$30,924,781	\$30,652,563	0.9%	\$19,398,802	\$9,906,004	\$29,304,806	4.6%
Operating grants and contributions	8,303,705	9,151,301	9,684,700	8,965,508	17,988,405	18,116,809	(0.7)	5,091,379	9,108,252	14,199,631	27.6
Capital grants and contributions	14,917	93,425	-	-	14,917	93,425	(84.0)	318	-	318	29278.9
General revenues	<u>590,962</u>	<u>529,112</u>	<u>3,182</u>	<u>9,891</u>	<u>594,144</u>	<u>539,003</u>	10.2	<u>1,518,737</u>	<u>7,894</u>	<u>1,526,631</u>	(64.7)
Total revenues	<u>30,110,547</u>	<u>30,658,120</u>	<u>19,411,700</u>	<u>18,743,680</u>	<u>49,522,247</u>	<u>49,401,800</u>	0.2	<u>26,009,236</u>	<u>19,022,150</u>	<u>45,031,386</u>	9.7
Expenses											
General government	130,760	68,471	-	-	130,760	68,471	91.0	346,148	-	346,148	(80.2)
Public services	863,091	1,152,592	-	-	863,091	1,152,592	(25.1)	1,180,560	-	1,180,560	(2.4)
Culture and recreation	31,528,849	30,993,202	-	-	31,528,849	30,993,202	1.7	27,530,207	-	27,530,207	12.6
Economic development	198	200	-	-	198	200	(1.0)	194	-	194	3.1
Interest on long-term debt	175,302	87,148	-	-	175,302	87,148	101.2	138,013	-	138,013	(36.9)
Golf courses	-	-	9,818,305	10,747,007	9,818,305	10,747,007	(8.6)	-	10,409,487	10,409,487	3.2
Fairgrounds	-	-	11,250,815	12,296,212	11,250,815	12,296,212	(8.5)	-	11,665,169	11,665,169	5.4
Financial services	-	-	<u>775,316</u>	<u>739,885</u>	<u>775,316</u>	<u>739,885</u>	4.8	-	<u>675,819</u>	<u>675,819</u>	9.5
Total expenses	<u>32,698,200</u>	<u>32,301,613</u>	<u>21,844,436</u>	<u>23,783,104</u>	<u>54,542,636</u>	<u>56,084,717</u>	(2.7)	<u>29,195,122</u>	<u>22,750,475</u>	<u>51,945,597</u>	8.0
Changes in net position											
As previously reported	(2,587,653)	(1,643,493)	(2,432,736)	(5,039,424)	(5,020,389)	(6,682,917)	24.9	(3,185,886)	(3,728,325)	(6,914,211)	3.3
Beginning net position (deficit)											
Change in accounting principle	<u>-</u>	<u>-</u>	<u>(3,748,232)</u>	<u>-</u>	<u>(3,748,232)</u>	<u>-</u>	(100.0)	<u>-</u>	<u>-</u>	<u>-</u>	0.0
As restated	<u>93,497,971</u>	<u>95,141,464</u>	<u>(23,058,105)</u>	<u>(14,270,449)</u>	<u>70,439,866</u>	<u>80,871,015</u>	(12.9)	<u>98,327,350</u>	<u>(10,542,124)</u>	<u>87,785,226</u>	(7.9)
Ending net position (deficit)											
As previously reported	<u>93,497,971</u>	<u>95,141,464</u>	<u>(19,309,873)</u>	<u>(14,270,449)</u>	<u>74,188,098</u>	<u>80,871,015</u>	(8.3)	<u>98,327,350</u>	<u>(10,542,124)</u>	<u>87,785,226</u>	(7.9)
Change in accounting principle	<u>-</u>	<u>-</u>	<u>(3,748,232)</u>	<u>-</u>	<u>(3,748,232)</u>	<u>-</u>	(100.0)	<u>-</u>	<u>-</u>	<u>-</u>	0.0
As restated	<u>93,497,971</u>	<u>95,141,464</u>	<u>(23,058,105)</u>	<u>(14,270,449)</u>	<u>70,439,866</u>	<u>80,871,015</u>	(12.9)	<u>98,327,350</u>	<u>(10,542,124)</u>	<u>87,785,226</u>	(7.9)
Ending net position (deficit)											
As previously reported	<u>\$90,910,318</u>	<u>\$93,497,971</u>	<u>(\$25,490,841)</u>	<u>(\$19,309,873)</u>	<u>\$65,419,477</u>	<u>\$74,188,098</u>	(11.8)	<u>\$95,141,464</u>	<u>(\$14,270,449)</u>	<u>\$80,871,015</u>	(8.3)

Governmental activities charges for services increased \$317 thousand and \$1.49 million in 2018 and 2017, respectively, primarily due to public event charges. Business-type activities charges for services decreased \$44 thousand and \$138 thousand in 2018 and 2017, respectively, primarily related to decreases in Golf Courses Fund revenue.

Governmental expenses increased \$397 thousand in 2018. This is comprised primarily of increases of \$536 thousand in Civic Center operations and \$88 thousand in interest on long-term debt, offset by a \$290 thousand decrease in public service expenses. Governmental expenses increased \$3.11 million in 2017. This is comprised primarily of increases of \$3.58 million in Civic Center operations and \$449 thousand in ballpark related capital expenses, offset by a \$625 decrease in Chesapeake Energy Arena and Cox Convention Center capital improvements and a decrease of \$51 thousand in interest on long term debt.

Business-type expenses decreased \$1.94 million in 2018. Golf course expenses decreased \$929 thousand primarily due to decreases in personnel expenses. Fairground expenses decreased \$1.05 million primarily due to decreases in non-capital related costs. Financial services expenses remained constant in fiscal year 2018. Business-type expenses increased \$1.03 million in 2017. Golf course expenses increased \$338 thousand primarily due to increases in personnel and maintenance costs across all golf courses. Fairground expenses increased \$631 thousand mainly due to scheduled debt service payments. Financial services increased \$64 thousand in 2017 due to higher natural gas prices.

A \$3.75 million change in accounting principle was reported in fiscal year 2018 as a result of the implementation of Governmental Accounting Standards Board (GASB) statement number 75, Accounting and Financial Reporting for Postemployment benefits other than pension plans. This statement replaces GASB statements 45 as amended and 57. This statement establishes for measuring and recognizing liabilities, deferred outflows, deferred inflows of resources, and expenses/expenditures. It also includes note disclosure and required supplementary information requirements.

Governmental Fund

As discussed, the Authority governmental fund is reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. The Authority governmental fund reported an ending fund balance of \$13,830,831 for 2018, of which \$833,818 is unassigned. This compares to \$13,586,570 for 2017, of which \$310,875 is unassigned.

The total ending fund balance of the governmental fund for 2018 shows an increase of \$244,261 from the ending balance for 2017. This increase is primarily the result of the events and programs described within the analysis of the Authority's governmental activities.

Capital Assets

The Authority's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2018 and 2017, was \$141,774,544 and \$142,263,704, respectively.

Capital Assets, Net of Accumulated Depreciation

	Governmental		Business-type		2017 - 2018		Governmental	Business-type	2016	2017 - 2016					
	Activities		Activities		Total						Total	Activities	Activities	Total	% Change
	2018	2017	2018	2017	2018	2017					% Change	2016	2016	Total	% Change
Non-Depreciable															
Assets															
Construction in progress	\$203,962	\$1,818,280	\$7,510,793	\$694,468	\$7,714,755	\$2,512,748	207.0%	\$201,507	\$81,548	\$283,055	787.7%				
Land	<u>8,912,295</u>	<u>8,546,040</u>	<u>2,004,837</u>	<u>2,004,837</u>	<u>10,917,132</u>	<u>10,550,877</u>	3.5	<u>8,295,215</u>	<u>2,004,837</u>	<u>10,300,052</u>	2.4				
Total non-depreciable assets	<u>9,116,257</u>	<u>10,364,320</u>	<u>9,515,630</u>	<u>2,699,305</u>	<u>18,631,887</u>	<u>13,063,625</u>	42.6	<u>8,496,722</u>	<u>2,086,385</u>	<u>10,583,107</u>	23.4				
Depreciable Assets															
Buildings	38,472,311	40,610,430	29,956,175	30,848,969	68,428,486	71,459,399	(4.2)	41,751,845	31,635,782	73,387,627	(2.6)				
Improvements other than buildings	26,916,305	28,617,956	16,422,078	22,577,884	43,338,383	51,195,840	(15.3)	30,368,892	27,732,599	58,101,491	(11.9)				
Furniture, machinery, and equipment	<u>8,681,490</u>	<u>4,391,325</u>	<u>2,694,298</u>	<u>2,153,515</u>	<u>11,375,788</u>	<u>6,544,840</u>	73.8	<u>5,884,076</u>	<u>2,142,396</u>	<u>8,026,472</u>	(18.5)				
Total depreciable assets	<u>74,070,106</u>	<u>73,619,711</u>	<u>49,072,551</u>	<u>55,580,368</u>	<u>123,142,657</u>	<u>129,200,079</u>	(4.7)	<u>78,004,813</u>	<u>61,510,777</u>	<u>139,515,590</u>	(7.4)				
Total	<u>\$83,186,363</u>	<u>\$83,984,031</u>	<u>\$58,588,181</u>	<u>\$58,279,673</u>	<u>\$141,774,544</u>	<u>\$142,263,704</u>	(0.3)	<u>\$86,501,535</u>	<u>\$63,597,162</u>	<u>\$150,098,697</u>	(5.2)				

In 2018, construction in progress for governmental activities decreased by \$1.61 million primarily due to the completion of \$656 thousand in Land Run Monuments and \$958 thousand in Chesapeake Energy Arena and Cox Convention Center upgrades in 2017. Depreciable assets in governmental activities increased \$450 thousand in 2018 primarily due to \$4.55 million in asset additions and \$1.62 million in completed construction projects, offset by \$5.72 million in depreciation. Asset additions include \$3.25 million for equipment associated with the Civic Center sound system upgrades, \$575 thousand in equipment for the Distributed Antenna System, and \$366 thousand on Land Run Monuments. In 2017, construction in progress for governmental activities increased by \$1.62 million, of which \$1.56 million was for sound system upgrades at the Chesapeake Energy Arena and \$6 thousand of which was for sound system upgrades at the Civic Center Hall. Depreciable assets decreased by \$4.39 million primarily due to \$4.80 million in depreciation offset by asset additions of \$656 thousand.

In 2018, business-type construction in progress increased \$6.82 million for construction projects at the fairgrounds. This included \$196 thousand related to lights for the new parking lots, \$3.61 million related to the construction of a new RV park, and \$2.80 million related to architectural and engineering costs associated with the new fairgrounds arena. Depreciable assets for business-type decreased \$6.51 million primarily due to \$1.11 million in asset additions, offset by \$7.60 million in depreciation. Asset additions for the fairgrounds include \$219 thousand for 2 tractors and 3 mowers, \$246 thousand for scoreboard upgrades, \$400 thousand for a highway marquee, and \$44 thousand for a skid steer. Asset additions for the golf courses include \$180 thousand for 70 golf carts at Trosper Park Golf Course and \$74 thousand for mowers and other equipment. In 2017, business-type construction in progress increased \$613 thousand for ongoing construction projects at the fairgrounds. Construction at the fairgrounds included \$310 thousand related to work on an RV park, \$212 thousand related to fairground lighting, and \$163 thousand related to architectural services for a new fairgrounds arena. Depreciable assets decreased by \$5.93 million primarily due to \$6.62 million in depreciation offset by asset additions of \$516 thousand.

See Note II. F. for more information regarding capital assets.

Long-term Debt

Advances

At the end of June 30, 2018 and 2017, the Authority had total advances outstanding of \$7,420,371 and \$4,341,738, respectively. See Note VI. A. for more information regarding advances.

Revenue Bonds

At the end of the fiscal year the Authority had total outstanding bonded debt of \$86,025,000 including fairgrounds bonded debt outstanding of \$74,855,000 and golf bonded debt of \$11,170,000. This debt is supported by pledged revenues from the business type activities of the Authority. See Note III. C. for more information regarding revenue bonds.

	Outstanding Long-term Debt							
	2018 - 2017				2017 - 2016			
	2018	2017	Change	% Change	2016	Change	% Change	
Advances	\$7,420,371	\$4,341,738	\$3,078,633	70.9%	\$4,528,707	(\$186,969)	(4.1%)	
Notes payable	-	-	-	0.0	168,857	(168,857)	(100.0)	
Revenue bonds	<u>86,025,000</u>	<u>89,575,000</u>	<u>(3,550,000)</u>	(4.0)	<u>92,990,000</u>	<u>(3,415,000)</u>	(3.7)	
	<u>\$93,445,371</u>	<u>\$93,916,738</u>	<u>(\$471,367)</u>	(0.5)	<u>\$97,687,564</u>	<u>(\$3,770,826)</u>	(3.9)	

The change in outstanding debt in 2018 for advances is primarily due to a \$3.71 million advance from OCMFA for the purchase of a new Civic Center sound system, offset by scheduled debt payments of \$1.34 million. The decreases in revenue bonds is due to scheduled debt payments of \$3.55 million. The decrease of \$187 thousand in outstanding debt for advances in 2017 is primarily due to decreases of \$241 thousand in scheduled debt service payments, offset by an increase of \$54 thousand for the Prodigal Hockey loan. The changes in notes payable is due to scheduled debt payments of \$169 thousand. The decrease in revenue bonds is due to scheduled debt payments of \$3.42 million. See Note III. H. for more information regarding changes in long-term debt.

Bond Ratings

Standard and Poor's rated the Authority's Golf System Revenue Bonds as AA. Fairgrounds hotel tax revenue bonds are rated A+ and A1 by Standard and Poor and Moody's, respectively.

Economic Factors

Economic Factors

Economic factors directly affect the Authority's financial position for the golf courses. The operating revenue for the golf courses remained fairly steady year over year. The golf courses experienced a decrease in rounds of 1.91%, primarily due to decreases in daily, senior, and sunset rounds. Financial services reported both revenue and expense increases related to an increase in nationwide natural gas prices. The economic factors did not affect the financial position of the other activities of the Authority.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances, comply with finance-related laws and regulations, and demonstrate commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City's Finance Department, Accounting Services Division, at 100 North Walker, Suite 300, Oklahoma City, Oklahoma 73102.

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Basic Financial Statements

Authority-wide Financial Statements

Provide both long-term and short-term information about the Authority's overall status using full accrual accounting.

- * ***Governmental Activities*** – *Reports general government, public services, culture and recreation, and economic development and the general revenues of the Authority.*
- * ***Business-Type Activities*** – *Reports golf courses, fairgrounds, and financial services activities.*

Fund Financial Statements

Focus on the Authority's most significant funds. Major funds are separately reported while all others are combined into a single, aggregated presentation.

Governmental Fund Financial Statements

Encompass essentially the same functions reported as governmental activities in the authority-wide financial statements using modified accrual accounting and report the annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Proprietary Fund Financial Statements

Provide both long-term and short-term information about the Authority's overall status using full accrual accounting.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises.

STATEMENT OF NET POSITION
June 30,

OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY

	2018			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
ASSETS						
CURRENT ASSETS						
Cash-----	\$9,251,241	\$1,303,537	\$10,554,778	\$17,156,085	\$1,731,310	\$18,887,395
Investments-----	13,144,185	15,451,836	28,596,021	9,611,712	20,358,717	29,970,429
Property taxes receivable-----	3,074	-	3,074	1,949	-	1,949
Accounts receivable, net-----	1,103,558	493	1,104,051	1,165,248	5,494	1,170,742
Interest, dividends, and royalties receivable-----	27,461	23,826	51,287	17,561	10,133	27,694
Receivable from the City of Oklahoma City-----	177,319	754,907	932,226	347,426	1,140,000	1,487,426
Receivable from component units-----	53,218	-	53,218	9,426	-	9,426
Advanced funding-----	162,887	-	162,887	162,887	-	162,887
Inventories and prepaids-----	328,845	355,165	684,010	321,408	364,508	685,916
Total current assets-----	24,251,788	17,889,764	42,141,552	28,793,702	23,610,162	52,403,864
NON-CURRENT ASSETS						
Investments-----	-	1,238,921	1,238,921	-	1,233,250	1,233,250
Prepaids, non-current-----	164,128	299,027	463,155	235,445	313,268	548,713
Net pension asset-----	-	435,322	435,322	-	-	-
Capital assets:						
Land and construction in progress-----	9,116,257	9,515,630	18,631,887	10,364,320	2,699,305	13,063,625
Other capital assets, net of accumulated depreciation-----	74,070,106	49,072,551	123,142,657	73,619,711	55,580,368	129,200,079
Capital assets, net-----	83,186,363	58,588,181	141,774,544	83,984,031	58,279,673	142,263,704
Total non-current assets-----	83,350,491	60,561,451	143,911,942	84,219,476	59,826,191	144,045,667
Total assets-----	107,602,279	78,451,215	186,053,494	113,013,178	83,436,353	196,449,531
DEFERRED OUTFLOWS OF RESOURCES-----	-	702,811	702,811	-	872,557	872,557
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable and accrued expenses-----	2,440,051	1,681,069	4,121,120	2,908,961	1,087,382	3,996,343
Wages and benefits payable-----	-	222,990	222,990	-	220,026	220,026
Payable to City of Oklahoma City-----	2,600,923	1,059,329	3,660,252	2,858,671	442,896	3,301,567
Payable to component units-----	150,000	-	150,000	-	-	-
Compensated absences-----	-	45,656	45,656	-	74,653	74,653
Unearned revenue-----	5,754,259	-	5,754,259	10,156,971	-	10,156,971
Bond interest payable-----	-	989,756	989,756	-	1,029,218	1,029,218
Bonds payable-----	-	3,705,000	3,705,000	-	3,550,000	3,550,000
Total current liabilities-----	10,945,233	7,703,800	18,649,033	15,924,603	6,404,175	22,328,778
NON-CURRENT LIABILITIES						
Compensated absences-----	-	113,549	113,549	-	122,521	122,521
Payable to City of Oklahoma City-----	5,214,018	292,285	5,506,303	2,928,636	376,723	3,305,359
Unearned revenue-----	532,710	-	532,710	661,968	-	661,968
Bonds payable-----	-	82,320,000	82,320,000	-	86,025,000	86,025,000
Unamortized bond discount/premium-----	-	5,082,474	5,082,474	-	5,709,526	5,709,526
Bonds payable, net-----	-	87,402,474	87,402,474	-	91,734,526	91,734,526
Net pension liability-----	-	-	-	-	20,413	20,413
Net other post-employment benefit liability-----	-	7,985,496	7,985,496	-	4,493,675	4,493,675
Total non-current liabilities-----	5,746,728	95,793,804	101,540,532	3,590,604	96,747,858	100,338,462
Total liabilities-----	16,691,961	103,497,604	120,189,565	19,515,207	103,152,033	122,667,240
DEFERRED INFLOWS OF RESOURCES-----	-	1,147,263	1,147,263	-	466,750	466,750
NET POSITION (DEFICIT)						
Net investment in capital assets-----	82,754,268	(25,513,550)	57,240,718	83,928,293	(21,113,273)	62,815,020
Restricted for: Capital projects-----	1,608,715	1,115	1,609,830	1,111,636	993	1,112,629
Debt service-----	-	3,570,113	3,570,113	-	3,442,517	3,442,517
Public services-----	268,903	-	268,903	876,944	-	876,944
Culture and recreation-----	1,825,079	-	1,825,079	1,496,397	-	1,496,397
Unrestricted-----	4,453,353	(3,548,519)	904,834	6,084,701	(1,640,110)	4,444,591
Total net position (deficit)-----	\$90,910,318	(\$25,490,841)	\$65,419,477	\$93,497,971	(\$19,309,873)	\$74,188,098

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES
For the Years Ended June 30,

OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY

	2018			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
PROGRAM EXPENSES						
General government-----	\$130,760	\$ -	\$130,760	\$68,471	\$ -	\$68,471
Public services-----	863,091	-	863,091	1,152,592	-	1,152,592
Culture and recreation-----	31,528,849	-	31,528,849	30,993,202	-	30,993,202
Golf courses-----	-	9,818,305	9,818,305	-	10,747,007	10,747,007
Fairgrounds-----	-	11,250,815	11,250,815	-	12,296,212	12,296,212
Financial services-----	-	775,316	775,316	-	739,885	739,885
Economic development-----	198	-	198	200	-	200
Interest on long-term debt-----	175,302	-	175,302	87,148	-	87,148
Total expenses-----	32,698,200	21,844,436	54,542,636	32,301,613	23,783,104	56,084,717
PROGRAM REVENUES						
CHARGES FOR SERVICES						
General government-----	3,610	-	3,610	-	-	-
Culture and recreation-----	21,197,353	-	21,197,353	20,884,282	-	20,884,282
Golf courses-----	-	8,973,725	8,973,725	-	9,047,272	9,047,272
Fairgrounds-----	-	213	213	-	5,087	5,087
Financial services-----	-	749,880	749,880	-	715,922	715,922
Total charges for services-----	21,200,963	9,723,818	30,924,781	20,884,282	9,768,281	30,652,563
OPERATING GRANTS AND CONTRIBUTIONS						
General government-----	8,227,083	-	8,227,083	8,945,056	-	8,945,056
Culture and recreation-----	76,456	-	76,456	206,066	-	206,066
Golf courses-----	-	1,235,144	1,235,144	-	1,394,022	1,394,022
Fairgrounds-----	-	8,449,556	8,449,556	-	7,571,486	7,571,486
Economic development-----	166	-	166	179	-	179
Total operating grants and contributions-----	8,303,705	9,684,700	17,988,405	9,151,301	8,965,508	18,116,809
CAPITAL GRANTS AND CONTRIBUTIONS						
Culture and recreation-----	14,917	-	14,917	93,425	-	93,425
Total capital grants and contributions-----	14,917	-	14,917	93,425	-	93,425
Total program revenues-----	29,519,585	19,408,518	48,928,103	30,129,008	18,733,789	48,862,797
Net program expense-----	(3,178,615)	(2,435,918)	(5,614,533)	(2,172,605)	(5,049,315)	(7,221,920)
GENERAL REVENUES						
Tax incremental financing property taxes-----	68,171	-	68,171	63,688	-	63,688
Unrestricted investment income-----	53,984	3,182	57,166	4,973	9,891	14,864
Miscellaneous-----	468,807	-	468,807	460,451	-	460,451
Total general revenues-----	590,962	3,182	594,144	529,112	9,891	539,003
Changes in net position-----	(2,587,653)	(2,432,736)	(5,020,389)	(1,643,493)	(5,039,424)	(6,682,917)
NET POSITION BEGINNING						
Net position-beginning						
As previously reported-----	93,497,971	(19,309,873)	74,188,098	95,141,464	(14,270,449)	80,871,015
Change in accounting principle-----	-	(3,748,232)	(3,748,232)	-	-	-
Net position-beginning, as restated-----	93,497,971	(23,058,105)	70,439,866	95,141,464	(14,270,449)	80,871,015
Net position-ending-----	\$90,910,318	(\$25,490,841)	\$65,419,477	\$93,497,971	(\$19,309,873)	\$74,188,098

See accompanying notes to financial statements.

**BALANCE SHEET
GOVERNMENTAL FUND
June 30,**

**OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY**

	<u>2018</u>	<u>2017</u>
	General Purpose Fund	General Purpose Fund
<u>ASSETS</u>		
Pooled cash-----	\$68,208	\$3,291,397
Non-pooled cash-----	9,183,033	13,864,688
Investments-----	13,144,185	9,611,712
Property taxes receivable-----	3,074	1,949
Accounts receivable-----	1,103,558	1,165,248
Interest, dividends, and royalties receivable-----	27,461	17,561
Receivable from City of Oklahoma City-----	177,319	347,426
Receivable from component units-----	53,218	9,426
Advanced funding-----	162,887	162,887
Inventories-----	228,767	173,270
Prepays-----	100,078	148,138
Prepays, non-current-----	164,128	235,445
Total assets-----	<u>\$24,415,916</u>	<u>\$29,029,147</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts payable and accrued expenditures-----	\$2,440,051	\$2,908,961
Payable to City of Oklahoma City-----	1,305,979	1,330,431
Payable to component units, current-----	150,000	-
Unearned revenue-----	5,754,259	10,156,971
Unearned revenue, non-current-----	532,710	661,968
Total liabilities-----	<u>10,182,999</u>	<u>15,058,331</u>
<u>DEFERRED INFLOWS OF RESOURCES</u> -----	<u>402,086</u>	<u>384,246</u>
<u>FUND BALANCES</u>		
Non-spendable-----	655,860	719,740
Restricted-----	3,464,690	3,273,562
Committed-----	557,088	534,768
Assigned-----	8,319,375	8,747,625
Unassigned-----	833,818	310,875
Total fund balance-----	<u>13,830,831</u>	<u>13,586,570</u>
Total liabilities, deferred inflows of resources, and fund balance-----	<u>\$24,415,916</u>	<u>\$29,029,147</u>
<u>RECONCILIATION OF THE BALANCE SHEET, GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION, GOVERNMENTAL ACTIVITIES</u>		
Total fund balance-----	\$13,830,831	\$13,586,570
Capital assets, net of accumulated depreciation-----	83,186,363	83,984,031
Revenue earned but not available-----	402,086	384,246
Long-term payable to the City of Oklahoma City, current-----	(1,294,944)	(1,528,240)
Long-term payable to the City of Oklahoma City, non-current-----	(5,214,018)	(2,928,636)
Net position-governmental activities-----	<u>\$90,910,318</u>	<u>\$93,497,971</u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Years Ended June 30,**

**OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY**

	<u>2018</u>	<u>2017</u>
	<u>General Purpose Fund</u>	<u>General Purpose Fund</u>
REVENUES		
Tax incremental financing property taxes-----	\$67,046	\$63,069
Facility fees-----	365,467	509,408
Investment income-----	50,710	26,944
Public events charges-----	19,177,742	18,550,471
Other charges for services-----	270,541	328,569
Rental income-----	1,371,866	1,546,295
Payments from the City of Oklahoma City-----	8,227,072	8,945,050
Other-----	543,802	645,672
Total revenues-----	<u>30,074,246</u>	<u>30,615,478</u>
EXPENDITURES		
CURRENT		
Payments to the City of Oklahoma City-----	130,760	58,291
Culture and recreation-----	26,670,759	27,181,278
Economic development-----	198	200
Capital outlay-----	4,919,969	2,447,005
DEBT SERVICE		
Principal-----	-	168,857
Interest-----	175,302	91,698
Long-term payable to the City of Oklahoma City-----	121,191	-
Total expenditures-----	<u>32,018,179</u>	<u>29,957,509</u>
Deficiency of revenues under expenditures-----	(1,943,933)	657,969
OTHER FINANCING SOURCES		
Sale of assets-----	14,917	93,429
Long-term payable to the City of Oklahoma City-----	2,173,277	121,191
Net other financing sources-----	<u>2,188,194</u>	<u>214,620</u>
Net change in fund balance-----	244,261	872,589
Fund balance, beginning-----	13,586,570	12,713,981
Fund balance, ending-----	<u>\$13,830,831</u>	<u>\$13,586,570</u>
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES, GOVERNMENTAL ACTIVITIES		
Net change in fund balance-----	\$244,261	\$872,589
Capital outlay-----	4,919,969	2,447,005
Depreciation expense-----	(5,717,637)	(4,803,197)
Loss on disposal of assets-----	-	(161,312)
Recognition of earned but unavailable revenue-----	17,840	(50,794)
Long-term payable to the City of Oklahoma City-----	(2,052,086)	(121,191)
Debt principal paid-----	-	168,857
Interest payable on long-term debt-----	-	4,550
Change in net position (deficit)-governmental activities-----	<u>(\$2,587,653)</u>	<u>(\$1,643,493)</u>

See accompanying notes to financial statements.

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30,**

**OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY**

	2018				2017			
	Enterprise Funds				Enterprise Funds			
	Golf		Financial		Golf		Financial	
	Courses	Fairgrounds	Services	Total	Courses	Fairgrounds	Services	Total
	Fund	Fund	Fund	Total	Fund	Fund	Fund	Total
ASSETS								
CURRENT ASSETS								
Pooled cash-----	\$5,286	\$7,632	\$533	\$13,451	\$274,998	\$337,760	\$37,647	\$650,405
Non-pooled cash-----	1,290,086	-	-	1,290,086	1,080,905	-	-	1,080,905
Investments-----	1,991,125	13,364,052	96,659	15,451,836	1,677,486	18,582,033	99,198	20,358,717
Accounts receivable, net-----	493	-	-	493	5,494	-	-	5,494
Interest, dividends, and royalties receivable-----	3,983	19,625	218	23,826	2,095	7,839	199	10,133
Receivable from the City of Oklahoma City-----	-	754,907	-	754,907	-	1,140,000	-	1,140,000
Inventories-----	332,485	-	-	332,485	337,601	-	-	337,601
Prepays-----	4,101	18,579	-	22,680	8,226	18,681	-	26,907
Total current assets-----	3,627,559	14,164,795	97,410	17,889,764	3,386,805	20,086,313	137,044	23,610,162
Investments-----	455,710	783,211	-	1,238,921	455,710	777,540	-	1,233,250
Prepays, non-current-----	4,786	294,241	-	299,027	415	312,853	-	313,268
Net pension asset-----	435,322	-	-	435,322	-	-	-	-
Land and construction in progress-----	165	9,515,465	-	9,515,630	165	2,699,140	-	2,699,305
Other capital assets, net of accumulated depreciation-----	10,803,949	38,268,602	-	49,072,551	11,445,073	44,135,295	-	55,580,368
Capital assets, net-----	10,804,114	47,784,067	-	58,588,181	11,445,238	46,834,435	-	58,279,673
Total non-current assets-----	11,699,932	48,861,519	-	60,561,451	11,901,363	47,924,828	-	59,826,191
Total assets-----	15,327,491	63,026,314	97,410	78,451,215	15,288,168	68,011,141	137,044	83,436,353
DEFERRED OUTFLOWS OF RESOURCES-----	702,811	-	-	702,811	872,557	-	-	872,557
LIABILITIES								
CURRENT LIABILITIES								
Accounts payable and accrued expenses-----	377,508	1,240,353	63,208	1,681,069	310,539	698,839	78,004	1,087,382
Wages and benefits payable-----	222,990	-	-	222,990	220,026	-	-	220,026
Payable to City of Oklahoma City-----	304,423	754,906	-	1,059,329	360,048	82,848	-	442,896
Compensated absences-----	45,656	-	-	45,656	74,653	-	-	74,653
Bond interest payable-----	92,553	897,203	-	989,756	98,964	930,254	-	1,029,218
Bonds payable-----	845,000	2,860,000	-	3,705,000	825,000	2,725,000	-	3,550,000
Total current liabilities-----	1,888,130	5,752,462	63,208	7,703,800	1,889,230	4,436,941	78,004	6,404,175
NON-CURRENT LIABILITIES								
Compensated absences-----	113,549	-	-	113,549	122,521	-	-	122,521
Payable to City of Oklahoma City-----	292,285	-	-	292,285	376,723	-	-	376,723
Bonds payable:								
Bonds payable-----	10,325,000	71,995,000	-	82,320,000	11,170,000	74,855,000	-	86,025,000
Unamortized bond discount/premium-----	27,004	5,055,470	-	5,082,474	29,501	5,680,025	-	5,709,526
Bonds payable, net-----	10,352,004	77,050,470	-	87,402,474	11,199,501	80,535,025	-	91,734,526
Net pension liability-----	-	-	-	-	20,413	-	-	20,413
Net other post-employment benefit liability-----	7,985,496	-	-	7,985,496	4,493,675	-	-	4,493,675
Total non-current liabilities-----	18,743,334	77,050,470	-	95,793,804	16,212,833	80,535,025	-	96,747,858
Total liabilities-----	20,631,464	82,802,932	63,208	103,497,604	18,102,063	84,971,966	78,004	103,152,033
DEFERRED INFLOWS OF RESOURCES-----	978,088	169,175	-	1,147,263	282,648	184,102	-	466,750
NET POSITION (DEFICIT)								
Net investment in capital assets-----	477,085	(25,990,635)	-	(25,513,550)	303,252	(21,416,525)	-	(21,113,273)
Restricted for capital projects-----	1,115	-	-	1,115	993	-	-	993
Restricted for debt service-----	641,901	2,928,212	-	3,570,113	621,227	2,821,290	-	3,442,517
Unrestricted-----	(6,699,351)	3,116,630	34,202	(3,548,519)	(3,149,458)	1,450,308	59,040	(1,640,110)
Total net position (deficit)-----	(\$5,579,250)	(\$19,945,793)	\$34,202	(\$25,490,841)	(\$2,223,986)	(\$17,144,927)	\$59,040	(\$19,309,873)

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Years Ended June 30,**

**OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY**

	2018				2017			
	Enterprise Funds				Enterprise Funds			
	Golf		Financial		Golf		Financial	
	Courses	Fairgrounds	Services	Total	Courses	Fairgrounds	Services	Total
	Fund	Fund	Fund	Total	Fund	Fund	Fund	Total
OPERATING REVENUES								
CHARGES FOR SERVICES								
Green fees-----	\$5,010,662	\$ -	\$ -	\$5,010,662	\$5,053,906	\$ -	\$ -	\$5,053,906
Concessions-----	1,410,250	-	-	1,410,250	1,449,592	-	-	1,449,592
Natural gas charges-----	-	-	749,880	749,880	-	-	715,922	715,922
Other charges-----	23,358	213	-	23,571	22,994	-	-	22,994
Total charges for services-----	6,444,270	213	749,880	7,194,363	6,526,492	-	715,922	7,242,414
Golf cart rentals-----	2,401,040	-	-	2,401,040	2,406,868	-	-	2,406,868
Other-----	19,846	-	-	19,846	762	-	-	762
Total operating revenues-----	8,865,156	213	749,880	9,615,249	8,934,122	-	715,922	9,650,044
OPERATING EXPENSES								
Personal services-----	4,503,715	-	-	4,503,715	5,221,902	-	-	5,221,902
Maintenance, operations, and contractual services-----	2,416,777	1,468,796	775,316	4,660,889	2,457,264	3,473,028	739,885	6,670,177
Materials and supplies-----	1,588,353	171,421	-	1,759,774	1,726,867	32,955	-	1,759,822
Depreciation-----	910,483	6,692,326	-	7,602,809	907,029	5,709,421	-	6,616,450
Total operating expenses-----	9,419,328	8,332,543	775,316	18,527,187	10,313,062	9,215,404	739,885	20,268,351
Operating loss-----	(554,172)	(8,332,330)	(25,436)	(8,911,938)	(1,378,940)	(9,215,404)	(23,963)	(10,618,307)
NON-OPERATING REVENUE (EXPENSE)								
Investment income-----	15,273	110,518	598	126,389	11,056	47,543	1,329	59,928
Interest on bonds and notes-----	(388,638)	(2,899,342)	-	(3,287,980)	(417,368)	(3,062,642)	-	(3,480,010)
Bond insurance-----	-	(18,713)	-	(18,713)	-	(18,166)	-	(18,166)
Amortization-----	2,496	-	-	2,496	2,583	-	-	2,583
Payments from City of Oklahoma City-----	1,222,275	8,339,218	-	9,561,493	1,390,737	7,524,734	-	8,915,471
Payments to City of Oklahoma City-----	-	-	-	-	(1,389)	-	-	(1,389)
Other revenue (expense)-----	95,734	(217)	-	95,517	95,379	5,087	-	100,466
Net non-operating revenue-----	947,140	5,531,464	598	6,479,202	1,080,998	4,496,556	1,329	5,578,883
Changes in net position (deficit)-----	392,968	(2,800,866)	(24,838)	(2,432,736)	(297,942)	(4,718,848)	(22,634)	(5,039,424)
Total net position, beginning, as previously reported----	(2,223,986)	(17,144,927)	59,040	(19,309,873)	(1,926,044)	(12,426,079)	81,674	(14,270,449)
Change in accounting principle-----	(3,748,232)	-	-	(3,748,232)	-	-	-	-
Total net position (deficit), beginning, as restated----	(5,972,218)	(17,144,927)	59,040	(23,058,105)	(1,926,044)	(12,426,079)	81,674	(14,270,449)
Total net position (deficit), ending-----	(\$5,579,250)	(\$19,945,793)	\$34,202	(\$25,490,841)	(\$2,223,986)	(\$17,144,927)	\$59,040	(\$19,309,873)

See accompanying notes to financial statements.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Years Ended June 30,**

**OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY**

	2018				2017			
	Enterprise Funds				Enterprise Funds			
	Golf Courses Fund	Fairgrounds Fund	Financial Services Fund	Total	Golf Courses Fund	Fairgrounds Fund	Financial Services Fund	Total
<u>CASH FLOWS FROM OPERATING</u>								
<u>ACTIVITIES</u>								
Cash received from customers-----	\$8,867,877	\$209	\$749,884	\$9,617,970	\$9,028,355	\$ -	\$810,353	\$9,838,708
Cash payments to suppliers for goods and services-----	(3,705,373)	(1,972,938)	(790,116)	(6,468,427)	(3,923,857)	(3,664,573)	(730,254)	(8,318,684)
Cash payments to employees and professional contractors for services-----	(4,390,196)	-	-	(4,390,196)	(4,627,175)	-	-	(4,627,175)
Cash payments for internal services-----	(197,171)	-	-	(197,171)	(204,392)	-	-	(204,392)
Operating payments from City of Oklahoma City-----	1,222,275	16,836,038	-	18,058,313	1,390,737	13,795,126	-	15,185,863
Operating payments to City of Oklahoma City-----	(82,588)	(7,356,820)	-	(7,439,408)	(71,581)	(6,410,392)	-	(6,481,973)
Net cash provided (used) by operating activities---	1,714,824	7,506,489	(40,232)	9,181,081	1,592,087	3,720,161	80,099	5,392,347
<u>CASH FLOWS FROM CAPITAL AND</u>								
<u>CAPITAL RELATED FINANCING</u>								
<u>ACTIVITIES</u>								
Payments for acquisition and construction of capital assets-----	(269,123)	(6,767,958)	-	(7,037,081)	(167,232)	(1,035,708)	-	(1,202,940)
Principal paid on long-term debt-----	(825,000)	(2,725,000)	-	(3,550,000)	(795,000)	(2,620,000)	-	(3,415,000)
Interest paid on long-term debt-----	(383,145)	(3,654,919)	-	(4,038,064)	(407,297)	(3,760,744)	-	(4,168,041)
Capital and capital related payments to City of Oklahoma City-----	-	-	-	-	(230,530)	-	-	(230,530)
Proceeds from sale of assets-----	2,164	217	-	2,381	7,253	-	-	7,253
Net cash provided (used) by capital and capital related financing activities-----	(1,475,104)	(13,147,660)	-	(14,622,764)	(1,592,806)	(7,416,452)	-	(9,009,258)
<u>CASH FLOWS FROM INVESTING</u>								
<u>ACTIVITIES</u>								
Payments for purchase of investments-----	(1,229,804)	(20,332,337)	-	(21,562,141)	(1,223,147)	(44,442,260)	-	(45,665,407)
Proceeds from sale of investments-----	1,225,117	28,354,997	-	29,580,114	1,216,773	48,702,409	-	49,919,182
Changes in pooled investments-----	(308,949)	(2,810,351)	2,539	(3,116,761)	(138,795)	(501,831)	(64,644)	(705,270)
Investment income received-----	13,190	98,493	551	112,234	9,740	44,878	1,194	55,812
Purchased interest-----	195	241	28	464	(208)	(353)	(30)	(591)
Net cash provided (used) by investing activities-----	(300,251)	5,311,043	3,118	5,013,910	(135,637)	3,802,843	(63,480)	3,603,726
Net decrease in cash-----	(60,531)	(330,128)	(37,114)	(427,773)	(136,356)	106,552	16,619	(13,185)
Cash, beginning-----	1,355,903	337,760	37,647	1,731,310	1,492,259	231,208	21,028	1,744,495
Cash, ending-----	\$1,295,372	\$7,632	\$533	\$1,303,537	\$1,355,903	\$337,760	\$37,647	\$1,731,310

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Years Ended June 30,**

**OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY**

	2018				2017			
	Enterprise Funds				Enterprise Funds			
	Golf		Financial		Golf		Financial	
	Courses	Fairgrounds	Services	Total	Courses	Fairgrounds	Services	Total
Fund	Fund	Fund		Fund	Fund	Fund	Total	
RECONCILIATION OF OPERATING								
LOSS TO NET CASH PROVIDED BY								
OPERATING ACTIVITIES								
Operating loss-----	(\$554,172)	(\$8,332,330)	(\$25,436)	(\$8,911,938)	(\$1,378,940)	(\$9,215,404)	(\$23,963)	(\$10,618,307)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET								
CASH PROVIDED (USED) BY OPERATING ACTIVITIES								
Depreciation-----	910,483	6,692,326	-	7,602,809	907,029	5,709,421	-	6,616,450
Other revenue (expense)-----	95,992	(18,713)	-	77,279	105,896	(13,079)	-	92,817
(Increase) decrease in accounts receivable-----	5,001	-	-	5,001	(5,494)	-	-	(5,494)
(Increase) decrease in payments/transfers								
from (to) within the Department-----	-	-	-	-	230,530	-	-	230,530
(Increase) decrease in receivable from								
component units-----	1,222,275	9,479,218	-	10,701,493	1,390,737	7,384,733	92,229	8,867,699
(Increase) decrease in receivable from City of								
Oklahoma City-----	-	-	-	-	-	-	2,200	2,200
(Increase) decrease in inventories-----	5,116	-	-	5,116	(18,133)	-	-	(18,133)
(Increase) decrease in prepaid assets-----	(246)	18,714	-	18,468	6,092	18,166	-	24,258
(Increase) decrease in net pension asset-----	(435,322)	-	-	(435,322)	829,389	-	-	829,389
(Increase) decrease in deferred outflows-----	411,749	-	-	411,749	(740,059)	-	-	(740,059)
Increase (decrease) in accounts payable and								
accrued expenses-----	63,964	(249,878)	(14,796)	(200,710)	45,247	(164,018)	9,633	(109,138)
Increase (decrease) in wages and benefits								
payable-----	2,964	-	-	2,964	11,028	-	-	11,028
Increase (decrease) in payable to City of								
Oklahoma City-----	(151,624)	(82,848)	-	(234,472)	(284,556)	342	-	(284,214)
Increase (decrease) in compensated absences-----	(37,969)	-	-	(37,969)	8,515	-	-	8,515
Increase (decrease) in net pension liability-----	(20,413)	-	-	(20,413)	20,413	-	-	20,413
Increase (decrease) in net other post-employment								
benefit liability-----	3,995,261	-	-	3,995,261	-	-	-	-
benefit obligation-----	(4,493,675)	-	-	(4,493,675)	526,315	-	-	526,315
Increase (decrease) in deferred inflows-----	695,440	-	-	695,440	(61,922)	-	-	(61,922)
Total adjustments-----	2,268,996	15,838,819	(14,796)	18,093,019	2,971,027	12,935,565	104,062	16,010,654
Net cash provided (used) by operating activities--	\$1,714,824	\$7,506,489	(\$40,232)	\$9,181,081	\$1,592,087	\$3,720,161	\$80,099	\$5,392,347

See accompanying notes to financial statements.

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Notes to Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. A. INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Oklahoma City Public Property Authority (Authority) financial activities for the fiscal years ended June 30, 2018 and 2017.

I. B. BASIS OF PRESENTATION

I. B. 1. REPORTING ENTITY AND RELATIONSHIP TO THE CITY OF OKLAHOMA CITY (CITY)

Due to restrictions of the state constitution relating to the issuance of municipal debt, the City created public trusts to finance City services with revenue bonds or other non-general obligation financing, and to provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the City. Public trusts were created to provide financing services and are blended into the City's primary government although retaining separate legal identity.

The Authority is a public trust created pursuant to Title 60 of the Oklahoma Statutes, section 176, et seq. The Authority was established August 15, 1961, with the City named as the beneficiary. The purpose of the Authority is generally to provide a means of financing various municipal recreational improvements and services.

The provisions of the trust indenture provide that the Authority will lease or otherwise manage the related property and improvements financed by the Authority. The Authority will receive all revenues generated from the related properties to pay the debt service requirements on the revenue bonds issued by the Authority plus costs and expenses incidental to the management, operation, maintenance, and conservation of the Authority. In addition, the Authority is responsible for all operating expenses and the financing of future improvements to the five City municipal golf courses.

The Mayor and members of the City Council of the City serve as the Trustees for the Authority. The City Manager serves as the General Manager. The Authority does not have the power to levy taxes. The City has no obligation for debt issued by the Authority.

Method of Reporting in the City's Comprehensive Annual Financial Report (CAFR)

The Authority is presented as a blended component unit of the City and is included in the City's financial reporting entity. The Authority meets the requirements for blending because the Authority's governing body is identical to the City's elected governing board (City Council), and the Authority is managed as a department of the City under the direction of the City Manager using City employees.

The Authority is included in the City's financial reporting entity presented in the City's CAFR. The City CAFR may be obtained from the Finance Department, Accounting Services Division, 100 N. Walker, Suite 300, Oklahoma City, OK 73102.

Authority Administration

The Authority's employees perform activities for the golf courses only. All other activities of the Authority are performed by City employees.

Related Parties

Oklahoma City Employee Retirement System (OCERS)

OCERS provides retirement benefits and disability allowances for employees of the Authority.

Oklahoma City Post-Employment Benefit Trust (OCPEBT)

OCPEBT provides post-retirement health benefits for employees of the Authority.

I. B. 2. BASIC FINANCIAL STATEMENTS

Authority-wide Financial Statements

The Authority-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Authority as a whole. Individual funds are not displayed but the statements distinguish governmental activities from business-type activities which are generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include charges for services which include fees and other charges to users of the Authority's services. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental and enterprise (proprietary) funds. All funds of the Authority are considered major.

I. B. 3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Generally Accepted Accounting Principles (U.S. GAAP)

The financial statements of the Authority are prepared in accordance with U.S. GAAP. The Authority applies all relevant GASB pronouncements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary fund financial statements also report using this same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Authority considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Governmental Fund

The governmental fund uses the current financial resources measurement focus. Only current assets and current liabilities are generally included on the balance sheet. The operating statement presents sources and uses of available resources during a given period.

General Purpose Fund

This fund is used by the Authority to account for specific revenues including events, box office sales, lease revenues, and tax increment ad valorem income which are designated to finance general government functions or activities of the Authority, such as public services, parks, and public events including economic development projects.

Proprietary Funds

Proprietary funds use the economic resources measurement focus. All assets and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of net position.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Enterprise Funds

Golf Courses Fund

This fund is used to account for the revenues and expenses of five municipal golf courses.

Fairgrounds Fund

This fund is used to account for payments from the City for hotel/motel tax revenues dedicated for debt service and the expenditure of bond funds.

Financial Services Fund

The City currently has multiple facilities that use natural gas in sufficient volumes to qualify for use of a third party natural gas supplier rather than the local natural gas utility. On July 1, 2010, the City designated the Financial Services Fund to consolidate and manage the third party natural gas contracts of the City.

I. C. BUDGET LAW AND PRACTICE

Oklahoma Statutes require the submission of financial information for public trusts. However, legal budgetary control levels are not specified. The Authority's budget is submitted to its governing body for approval annually and is received by the City Council for approval. Budgetary control of Authority operations is exercised on a project-length basis for most funds of the Authority. The exception is the Golf Course Fund where the budget is developed on an annual basis. Appropriations in funds other than the golf courses are carried forward each year until projects are completed. Appropriations for the Golf Course Fund expires at the close of the fiscal year. Management's policy prohibits expenditure/expenses to exceed revenues. Management may transfer appropriations without governing body approval.

I. D. POLICIES RELATED TO ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY

I. D. 1. CASH AND INVESTMENTS

The Authority participates in the investment policy approved by the City Council. The Authority's governing board formally adopted the updated City's deposit and investment policy in November 2017. Where applicable, deposit and investment policies for restricted funds are specified in the respective bond indentures.

The Authority maintains and controls a cash and investment operating pool which functions as a demand deposit account for participating funds of the Authority. This pool is allocated to the funds. Fund pooled cash and investments are allocated based on the fund's position in the pool and reported as pooled cash and investments. In addition, non-pooled cash and investments are separately held and reflected in respective funds as non-pooled cash and investments. The Authority engages in non-pooled investing activity for bond proceeds, golf course operations, and other functionally separate activities.

Investments are carried at fair value determined by quoted market prices. The management of the restricted investments is performed in accordance with applicable bond indentures and at the direction of the trustee bank. Cash deposits are reported at carrying amount which approximates fair value.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

Accounting guidance establishes a consistent framework for measuring fair value and establishes a fair value hierarchy based on the observability of inputs used to measure fair value. These different levels of valuation hierarchy are described as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable.

Level 3 - Significant unobservable prices or inputs.

An investment's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

I. D. 2. INVENTORIES AND PREPAIDS

Inventories, recorded at the lower of cost or market on a first-in, first-out basis, consist of golf course supplies and food related resale items and on recorded an average cost or market basis.

Prepays are payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Non-current prepaids benefit periods beyond the following 12 month period. Payments to vendors that are less than \$5,000 are considered *di minimus* and are reported with expenses/expenditures in the year of payment.

I. D. 3. RECEIVABLES AND UNCOLLECTIBLE AMOUNTS

Property Taxes Receivable

Property taxes are collected and remitted to the Authority by Oklahoma County for specifically identified Tax Incremental Financing (TIF) districts. Taxes are levied annually. Property taxes receivable are estimated from the prior calendar year receipts. In the governmental fund financial statements, property tax revenues are recorded for all receipts during the year and for 60 days after year-end.

In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the Authority regardless of when cash is received.

Other Significant Receivables

Significant receivables are due from promoters, advertisers, ticketing agencies, and other businesses. These receivables due within 30 days are stated net of an allowance for doubtful accounts. The allowance amount is estimated using the length of time the receivables are past due.

I. D. 4. RESTRICTED ASSETS

Certain assets are restricted for capital projects funded through long-term debt and debt service reserves. Restricted deposits and investments are legally restricted for the payment of currently maturing debt service and capital projects.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as needed.

I. D. 5. INTERFUND BALANCES

Generally, outstanding balances between funds reported as due to/from other funds include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, or other miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as due to/from other funds (i.e., the current portion of intrafund loans) or advances to/from other funds (i.e., the non-current portion of intrafund loans). All activity between governmental and business-type activities of the Authority is eliminated and any residual balances outstanding between the activities are reported in the Authority-wide financial statements as internal balances.

I. D. 6. CAPITALIZED INTEREST

Interest costs are capitalized when incurred by enterprise funds and similar component units on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized.

I. D. 7. CAPITAL ASSETS AND DEPRECIATION

The Authority generally capitalizes assets with cost of \$7,500 or more. Items that do not meet the monetary threshold listed in the policy summary are expensed in the period incurred with the exception of golf carts used for golf operations. Property and equipment are stated at actual or estimated historical cost. Donated assets are stated at their fair market value on the date donated. Capital assets are reported in the Authority-wide statements and respective proprietary funds and are depreciated using the straight line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	10 - 50
Infrastructure and improvements other than buildings	10 - 50
Mobile equipment, furniture, machinery, and equipment	5 - 20

Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service. The Authority's proprietary funds capitalize interest as a component of capital assets constructed for its own use.

I. D. 8. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In addition to assets and liabilities, the statement of financial position and the governmental fund balance sheet may report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net position that applies to a future period which will not be recognized as an inflow of resources until that time.

I. D. 9. DEBT, BOND DISCOUNT AND PREMIUM, AND DEFERRED AMOUNTS FROM REFUNDING

In the Authority-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method. The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Bond discounts and premiums are reported with bonds payable and deferred amounts from refunding are reported as deferred outflows in the statement of net position.

I. D. 10. COMPENSATED ABSENCES

Golf courses' employees are granted vacation benefits in varying amounts depending on tenure with the Authority. These benefits accumulate pro rata by pay period. The employee's right to use accumulated vacation and to receive an accumulated vacation payment upon termination vests after one year of employment. Sick leave accrues to employees at the rate of approximately 5 days per year with a maximum accrual of approximately 25 days. After one year of service, employees are entitled to a percentage of their sick leave balance upon termination.

I. D. 11. USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

I. D. 12. TIF

TIF is a method of obtaining financing using future gains in taxes to finance current improvements which will create the conditions for those future gains. When a public project is carried out, the increase in the value of surrounding real estate, and perhaps new investment, generates increased property and sales tax revenues dedicated to finance the debt issued to pay for the project.

I. D. 13. FUND EQUITY

Fund Balance

Non-Spendable Fund Balance

Fund balance reported as non-spendable includes amounts that cannot be spent because it is not in spendable form or is not expected to be converted to cash including inventories, prepaid expenses, and advance funding. In addition, non-current assets which will eventually be converted to cash are reported as non-spendable where unassigned fund balance would otherwise be reported.

Restricted Fund Balance

Restricted fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation including City ordinances approved by a vote of the Citizens.

Committed Fund Balance

Committed fund balance includes amounts that are constrained for specific purposes that are internally imposed by a vote of the Board of Trustees. Commitments of fund balance do not lapse at year-end.

Assigned Fund Balance

Assigned fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by formal action of the City Finance Director.

Unassigned Fund Balance

Unassigned fund balance includes fund balance within the General Purpose Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Fund Balance Usage

The Authority uses restricted amounts when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this, such as a grant agreements requiring dollar for dollar spending. Additionally, the Authority uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Net Position

Net investment in capital assets and legally restricted amounts are separated from unrestricted net position.

Net Investment in Capital Assets

The amount reported is calculated as total capital assets less accumulated depreciation and outstanding debt used to purchase the assets net of unspent portions. Unspent portions of debt, along with any amounts used to fund debt reserves, are included with restricted net position.

Restricted Net Position

Amounts reported as restricted for debt service include those amounts held in restricted accounts as required by the debt instrument. Restricted amounts held to pay bond interest are reduced by accrued interest payable. Net position restricted for capital projects include unspent debt proceeds legally restricted for capital outlays. Restricted net position also include purpose restrictions from enabling legislation and other external sources.

I. D. 14. RISK MANAGEMENT

The Authority's risk management activities are recorded in the City Risk Management, the Oklahoma City Municipal Facilities Authority (OCMFA) Services funds and Oklahoma City Post-Employment Benefits Trust (OCPEBT). The purpose of these funds is to administer employee life, employee health, property and liability, workers' compensation, unemployment, and disability insurance programs of the City, in which the Authority participates. These funds account for the risk financing activities of the Authority and constitute a transfer of risk from the Authority.

The Authority pays premiums to the City included with other administrative chargebacks and has no other costs or liabilities related to risk management activities. Costs and liabilities for commercial insurance, stop-loss insurance, and claims paid are recorded in the City Risk Management Fund and the OCMFA Services Fund. Retiree health insurance claims costs and liabilities are reported in OCPEBT.

I. E. POLICIES RELATED TO REVENUES AND EXPENDITURES/EXPENSES

I. E. 1. MAJOR REVENUES

Governmental Fund

Program revenue reported in governmental activities include public events charges for services such as box office fees and management fees. Other charges for service include water taxi receipts.

General revenues reported in governmental activities include property ad valorem tax for TIF proceeds, investment income, naming rights and other operating income.

Proprietary Funds

Charges for services in the Golf Course Fund include green fees, driving range, café at the golf courses, locker and golf cart rental, and other non-operating revenue and interest income.

Non-operating interest income and payments from the City Hotel/Motel Tax Fund are the revenues recognized in the Fairgrounds Fund.

The Authority's Financial Service Fund has charges to City departments for natural gas service from third party providers and receives investment income.

I. E. 2. LEASE OPERATING AGREEMENTS

Fairgrounds

On October 3, 2006, the Authority and the City entered into a management agreement with the State Fair of Oklahoma, Inc. (Fair), a private, nonprofit corporation. Under terms of this agreement, all fairgrounds-related property, owned by the City and the Authority, is leased to the Fair. The Fair, in return, agrees to operate, manage, and maintain the fairgrounds.

Golf Facilities

The Authority leases the Lake Hefner, Lincoln Park, Trosper Park, and Earlywine Park golf facilities from the City. The lease agreements provide that all revenues generated by these assets will accrue to the Authority. Although each course is leased to the Authority individually, the terms of these leases are substantially the same. The Authority is responsible for all costs and expenses of operating and maintaining the golf facilities with the exception of water used for course maintenance, which is subsidized by the City's General Fund through payments to the Authority. The lease agreements require a nominal annual rental payment and provide that they shall remain in effect as long as revenue bonds of the Authority remain outstanding.

The Authority provides supervision of the operation and maintenance of the James E. Stewart Golf Course, pursuant to a joint resolution between the City and the Authority dated May 27, 1997.

The golf facilities are managed and maintained by employees of the Authority under advisory direction of a nine-member Golf Commission which is appointed by the Chairman of the Trustees (the Mayor) and approved by the Trustees. The golf facilities and golf system-related activity are recorded in the Authority's Golf Courses Fund.

Chickasaw Bricktown Ballpark (Ballpark)

As part of the City's Metropolitan Area Projects (MAPS) downtown revitalization program, a new downtown ballpark was constructed. On October 7, 1997, the City Council leased the new downtown ballpark and related facilities to the Authority for an initial 10 year term. The lease was extended to 2012 and will be extended automatically for the same rental and terms for two additional terms of five years each. On the same date, the Authority subleased the Ballpark to the Oklahoma City Athletic Club Limited Partnership that holds the franchise for the Oklahoma Redhawks baseball team. On September 24, 2014, The OKC TransitionCO acquired the rights and responsibilities of the sublease from the Oklahoma City Athletic Club and changed the name of the organization to the Oklahoma City Dodgers baseball team. The sublease is subject to the terms of a financing agreement to provide for the continued operations and maintenance of the Ballpark. The sublease requires annual rent equal to the greater of 7% of paid admissions for all events or \$150,000. Rentals are deposited by the Authority in a capital improvements account designated for future Ballpark capital improvements. This lease and sublease activity are reported in the General Purpose Fund.

On September 23, 2014, the Authority approved a \$1.00 facility fee charge to most ticketed events at the Ballpark. These proceeds will be remitted to the Authority for the purpose of making capital improvements and future capital maintenance.

Cox Convention Center, Chesapeake Energy Arena, and Civic Center Music Hall

The Authority leases the Cox Convention Center, Chesapeake Energy Arena, and Civic Center Music Hall (Civic Center) from the City. The amended lease, dated June 4, 2002, is for a twenty-five year period which began on May 11, 1999. The lease requires all of the proceeds derived from the operations of the leased premises to be paid as rental payments to the City. This lease and sublease activity are reported in the General Purpose Fund.

Oklahoma City Thunder

The Authority approved an agreement on April 15, 2008, with the Oklahoma City Thunder (Team) for use of the Chesapeake Energy Arena and National Basketball Association (NBA) Practice Facility during a 15-year initial term and five potential three-year renewal term(s).

The Team pays annual arena rent. Additional rent is to be paid for each pre-season and post-season home game. The Team pays the Authority the annual naming rights revenue and annual NBA practice facility rent. Rent and naming rights fees are subject to periodic consumer price index adjustments, capped at 3% annually. These activities are reported in the General Purpose Fund.

I. E. 3. MANAGEMENT AGREEMENTS

Cox Convention Center and Chesapeake Energy Arena

On October 19, 1999, the City and the Authority entered into a management agreement with Superior Management Group (SMG). Under the agreement, SMG agreed to manage and operate the Cox Convention Center and Chesapeake Energy Arena. SMG subcontracts with various entities to provide services including marketing, food and beverages for events at the facilities. The audited financial statements for SMG are available upon request from the City Finance department, 100 N. Walker, Suite 300, Oklahoma City, OK, 73012.

Civic Center Music Hall

On June 19, 2018, the City and the Authority entered into a management agreement with the Civic Center Foundation (Foundation). Under the agreement, the Foundation agreed to manage and operate the Civic Center Music Hall. This includes, but is not limited to, presenting the annual Broadway season; administering suite leases; overseeing retail food and beverage services; providing event scheduling and ticketing services; and performing routine maintenance and general repairs. The Foundation is to develop operating policies and procedures, subject to approval by the Authority General Manager. The Foundation is also required to submit an annual performance report. The agreement will run through June 30, 2023, and can be renewed for four additional five-year terms, for a total of 25 years.

Golf Courses

The professional managers of the respective golf courses are contracted by the Authority under the terms of five-year professional services agreements. These professional services agreements provide for compensation to be paid monthly to the professional managers at a rate equal to a fixed fee plus a percentage of gross golf cart rentals and a percentage of all other operating revenues, including green fees, restaurant income, and driving range fees. The professional managers receive all the revenues from the sale and rental of golf merchandise, repairs to patrons' golf equipment, and golf lessons. However, they must bear substantially all the costs and expenses related to these activities.

The professional services agreement also requires the Authority to provide health, life and dental insurance coverage to the professional managers, as well as retirement benefits.

Tennis Center

In January, 2010, the City and the Authority entered into an agreement for management and operations of the tennis program and facilities at the Oklahoma City Tennis Center with OKC Public Tennis, LLC, for the period of January 14, 2010, through January 14, 2013. On December 11, 2012, the City of Oklahoma City approved an amendment to the agreement extending the term for an additional three years. On April 21, 2015, a fourth amendment to the agreement was approved retroactive to January 14, 2013, through January 13, 2016. On August 18, 2016, the Authority entered into a new agreement for management and operations of the tennis program and facilities at the Oklahoma City Tennis Center. This agreement was retroactive for the period from January 14, 2016 through January 14, 2026. OKC Public Tennis, LLC assumes sole responsibility for management and compensation of the staff and management of the tennis program and facilities including tennis lessons, court rentals, tournaments, clinics, camps, pro shop operations, food and beverage services, and tennis equipment repairs, subject to overall policy direction and approval of the City and the Authority.

Rose State College

In June 2015 the first renewal of the agreement with Rose State College and the Authority was signed regarding the management of the Theater. The term of the agreement was extended from July 1, 2015, and through June 30, 2016. On June 21, 2016, the City of Oklahoma City approved a second renewal extending the agreement through June 30, 2017. On June 13, 2017, the City of Oklahoma City approved a third renewal extending the agreement through June 30, 2018. Under the terms of the agreement, the Civic Center staff is responsible for managing the theater and the City is reimbursed for all expenses incurred. These activities are reported in the General Purpose Fund.

USA Softball Hall of Fame Complex and Stadium Facilities

In August 2014, the City and the Authority entered into an agreement for the management and operation of the USA Softball Hall of Fame Complex, including the Stadium Facilities, with USA Softball, Inc. (formaly Amateur Softball Association of America). The term of the agreement is for a primary term of thirty-five (35) years, commencing on May 1, 2014, with an option belonging to USA Softball, Inc. to renew the lease for an additional thirty-five (35) years.

I. F. TAX STATUS

The Authority is exempt from Federal and state income taxes under Section 115 of the Internal Revenue Code for any trade or business related to the Authority's tax-exempt purpose or function.

I. G. RETAINAGES

It is the policy of the Authority to retain a percentage of construction contracts until a completed project has been accepted by the Trustees. Contractors may request to opt out of this retainage by providing a certificate of deposit with the City. The City holds the certificate of deposit and the Authority retains the risk of incurring costs related to a contractor's failure to perform. However, in the event of non-performance, the City calls the certificate and pay the proceeds to the Authority to cover any costs incurred. The Authority does not record the effect of holding the certificates of deposit.

I. H. REVENUE RESERVES

Capital Improvements

Effective May 1, 1995, the Golf Commission recommended and the Trustees of the Authority approved a surcharge on golf rounds. Current rates are \$0.50 to \$9.00 for daily rounds and \$350.00 to \$900.00 for annual rounds. These funds are generally used for the major renovation of existing courses. The use of these funds is subject to the approval of the Golf Commission and the Trustees of the Authority.

Operating Reserve

Golf courses are required to deposit \$0.50 to \$1.00 of each green fee to a savings account and amounts are generally spent as needed. Spending of these funds is recommended by the Golf Commission and approved by the Trustees of the Authority.

Equipment Replacement

Golf courses are required to deposit \$0.50 to \$4.00 of each cart rental to a savings account and amounts are generally spent as needed. Spending of these funds is recommended by the Golf Commission and approved by the Trustees of the Authority.

II. ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

II. A. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned or the Authority will not be able to recover collateral securities in the possession of an outside party. The Authority's policy requires deposits to be 110 percent secured by collateral valued at market less the amount of the Federal depository insurance. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health, as determined by the bank's institutional rating provided by commercially available bank rating services or on performance evaluations conducted pursuant to the Federal Community Reinvestment Act, 12 United States Code, Section 2901. Collateral agreements must be approved prior to deposit of funds as provided by law. The City Council approves and designates a list of authorized depository institutions based on evaluation by the City Treasurer of the institutions' financial strength in accordance with the investment policy.

The general bond indentures for the Golf System Revenue Bonds and Fairgrounds Hotel Tax Revenue Bonds require the use of trust accounts. The bond accounts are used to segregate resources accumulated for debt service payments over the next twelve months. The operating and maintenance account is used for resources set aside to make up deficiencies in operating and maintenance activities. The construction accounts are used for proceeds of revenue bond issuances that are restricted for use in construction. The bond reserve account is used for proceeds of revenue bond issuances set aside to make up potential future deficiencies in the bond accounts, or to make the last bond principal and interest payments.

At June 30, 2018 and 2017, the Authority's cash is collateralized with securities held by the pledging financial institution in the name of the Authority or the City, less Federal depository insurance, except for \$8,933,032 and \$13,614,687, respectively, held by SMG in one financial institution that exceeds federally insured limits.

Investments

The Authority invests in various investment securities. Investment securities are exposed to various risks such as interest rate risk and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Authority's financial position. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY

2018

	Cost	Fair Value/	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Measured at NAV (1)	Average	Weighted Average (months) (3)
		Carrying Amount					Credit Quality/ Ratings (2)	
<u>POOLED INVESTMENTS</u>								
Money								
market (4)(5)	\$6,877,295	6,877,295	\$6,877,295	\$ -	\$ -	\$ -	AAA/Aaa	1.50
Federal								
Obligations	3,017,017	2,945,669	-	2,945,669	-	-	AA/Aaa	29.43
US Treasury								
Notes	3,993,183	3,922,969	-	3,922,969	-	-	AAA/Aaa	21.60
Fannie Mae	<u>3,012,966</u>	<u>2,969,678</u>	<u>-</u>	<u>2,969,678</u>	<u>-</u>	<u>-</u>	AA/Aaa	14.63
Total pooled investments	<u>16,900,461</u>	<u>16,715,611</u>	<u>6,877,295</u>	<u>9,838,316</u>	<u>-</u>	<u>-</u>		
<u>NON-POOLED INVESTMENTS</u>								
Money								
market (4)(5)	<u>13,119,331</u>	<u>13,119,331</u>	<u>13,119,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	AAA/Aaa	1.25
Total investments	<u>\$30,019,792</u>	<u>\$29,834,942</u>	<u>\$19,996,626</u>	<u>\$9,838,316</u>	<u>\$-</u>	<u>\$-</u>		

2017

	Cost	Fair Value/	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Measured at NAV (1)	Average	Weighted Average (months) (3)
		Carrying Amount					Credit Quality/ Ratings (2)	
<u>POOLED INVESTMENTS</u>								
Money								
market (4)(5)	\$2,413,960	\$2,413,960	\$2,413,960	\$ -	\$ -	\$ -	AAA/Aaa	1.47
Federal								
Obligations	3,019,918	2,999,726	-	2,999,726	-	-	AA/Aaa	12.66
US Treasury								
Notes	3,005,583	2,996,289	-	2,996,289	-	-	AAA/Aaa	29.12
Fannie Mae	<u>2,013,190</u>	<u>2,003,099</u>	<u>-</u>	<u>2,003,099</u>	<u>-</u>	<u>-</u>	AA+/Aaa	32.78
Total pooled investments	<u>10,452,651</u>	<u>10,413,074</u>	<u>2,413,960</u>	<u>7,999,114</u>	<u>-</u>	<u>-</u>		
<u>NON-POOLED INVESTMENTS</u>								
Money								
market (4)(5)	<u>20,790,605</u>	<u>20,790,605</u>	<u>20,790,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	AAA/Aaa	1.44
Total investments	<u>\$31,243,256</u>	<u>\$31,203,679</u>	<u>\$23,204,565</u>	<u>\$7,999,114</u>	<u>\$-</u>	<u>\$-</u>		

- (1) The net asset value (NAV) is a practical expedient to estimate fair value.
- (2) Ratings are provided where applicable to indicate associated credit risk.
- (3) Interest rate risk is estimated using weighted average months to maturity.
- (4) Cost approximates fair value.
- (5) Consists solely of U.S. Treasury securities.

Fair Value Measurement

The following is a description of the valuation methodologies used for assets measured at fair value in the tables above. There have been no changes in the methodologies used.

An investment's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Money market funds are reported at cost which approximates fair value, are traded on active markets at quoted prices, and are valued at level 1.

Federal obligations consist of Federal Home Loan Bank notes. These securities use pricing models that maximize the use of observable inputs for similar securities and are valued at level 2. U.S. Treasury notes use similar pricing models and are also valued at Level 2.

Investment Policy

The Authority's investment policy is maintained by the City Treasurer. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Authority funds may be invested in: (1) direct obligations of the U.S. government, its agencies or instrumentalities to the payment of which the full faith and credit of the U.S. government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged; (2) Federal agency or U.S. government-sponsored enterprise obligations, participations, or other instruments, including those insured by or fully guaranteed as principal and interest by Federal agencies or U.S. government-sponsored enterprises; (3) collateralized or insured certificates of deposit and other evidences of deposits at banks, savings and loan associations, and credit unions located in Oklahoma when secured by appropriate collateral or fully insured certificates of deposit and other evidences of deposits at banks, savings and loan associations, and credit unions located outside of Oklahoma; (4) repurchase agreements that have underlying collateral of direct obligations or obligations of the U.S. government, its agencies, and instrumentalities; (5) money market funds regulated by the Securities and Exchange Commission which consist of authorized domestic securities with restrictions as specified in state law; (6) Savings accounts or certificates of savings and loan associations, banks, and credit unions, to the extent the accounts are fully insured by Federal depository insurance; (7) State and Local Government Series (SLGS); (8) City direct debt obligations for which an ad valorem tax may be levied or bonds issued by a public trust of which the City is a beneficiary and judgments rendered against the City by a court of record, provided it is a prudent investment; (9) Prime commercial paper with a maturity date less than 180 days which represents less than 10% of the outstanding paper of an issuing corporation.

Under the policy, the Authority may not invest in reverse repurchase agreements, derivative instruments created from, whose value depends on, or is derived from, the value of one or more underlying assets or indices of asset values and/or has no call options prior to the desired maturity or is a variable rate instrument. Collateralization is further restricted to permitted investments shown previously as items (1) and (2).

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. Unless matched to a specific cash flow, investments are not made in securities maturing more than five years from the date of purchase. Certificates of deposit may not be purchased with maturities greater than 365 days from date of purchase.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. Cumulatively, portfolios of the Authority may not be invested in any given financial institution in excess of 5% of such institution's total assets excluding U.S. government securities and those issued by government sponsored enterprises, SLGS, and City judgments. Additionally, no more than 5% of the total Authority portfolio may be placed with any single financial institution excluding U.S. government securities and those issued by government sponsored enterprises, savings, money market funds, SLGS, City judgments, and repurchase agreements.

Portfolio Structure (1)

Investment Type Limitations		Maturity Limitations	
Percentage of Total Invested Principal		Percentage of Total Invested Principal	
	Maximum % (2)		Maximum % (4)
Repurchase agreements	100.0%	0-1 year	100%
U.S. Treasury securities (3)	100.0	1-3 years	90
Certificates of deposit	50.0	3-5 years	90
Money market funds	100.0		
Savings accounts	100.0		
U.S. noncallable agencies securities	100.0		
U.S. callable agency securities	20.0		
Prime commercial paper	7.5		
City judgments	5.0		

(1) Specifically matched cash flows are excluded.

(2) For investments listed, there is no minimum percentage specified under the policy.

(3) Includes SLGS.

(4) For maturities limited to 0-1 year, the minimum percentages allowed under the policy are 5-25%.

The policy also allows surplus cash, certificates of deposit, and repurchase agreements to be collateralized with securities with longer maturities if such maturity does not exceed ten years.

Securities Held by Others

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Policy provides that investment collateral is held by a third party custodian with whom the City has a current custodial agreement in the Authority's name or be held in the name of both parties by the Federal Reserve Bank servicing Oklahoma. The Authority's unrestricted investments are insured or collateralized with securities held by the Authority, or its agent in the Authority's name.

Bond Indentures Restrictions

The bond indentures provide that investments mature in no more than six to sixty months, depending on the purpose of the funds and the requirements of the account in which funds are deposited.

Golf System Revenue Bonds

The bond indenture for the golf courses restricts investing to governmental obligations; governmental obligations which have been stripped of their unmatured interest coupons and interest coupons which have been stripped from governmental obligations, provided that such obligations must be held by a third party; bonds, debentures, notes, or evidence of indebtedness issued by the: bank for cooperatives, federal home loan banks, federal land bank, federal financing bank, Federal National Mortgage Association, Government National Mortgage Association, Student Loan Marketing Association; interest-bearing time or demand deposits, certificates of deposit or similar banking arrangements with any government securities dealer; certificates of deposit secured by collateral described in (1) and (2) above; investments fully insured by Federal depository insurance; repurchase agreements; money market accounts; commercial paper; shares of mutual funds; advanced refunding municipal bonds; and guaranteed investment contracts.

Fairgrounds Hotel Tax Revenue Bonds

The bond indenture for the fairgrounds restricts investing to governmental obligations; bonds, debentures, notes or evidence of indebtedness issued by the: export – import bank, Farmers Home Administration, General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing and Urban Development, Federal Housing Administration; bonds or notes issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; commercial paper; money market accounts; advanced refunding municipal bonds; and certificates of deposit.

Restricted Deposits and Investments

	<u>2018</u>		<u>2017</u>	
	Golf System	Fairgrounds Hotel Tax	Golf System	Fairgrounds Hotel Tax
	<u>Revenue Bonds</u>	<u>Revenue Bonds</u>	<u>Revenue Bonds</u>	<u>Revenue Bonds</u>
Bond principal and interest	\$734,434	\$3,042,205	\$720,171	\$2,974,005
Construction accounts	220,201	6,618,737	229,779	14,715,269
Bond reserve	<u>455,710</u>	<u>783,211</u>	<u>455,710</u>	<u>777,540</u>
	<u>\$1,410,345</u>	<u>\$10,444,153</u>	<u>\$1,405,660</u>	<u>\$18,466,814</u>

Compliance with State Requirements

Authority investment policy and the bond Indentures, as well as the pension trust policy, are more restrictive than the requirements of Oklahoma law found in Title 60 of the Oklahoma Statutes and the standards of the Oklahoma Uniform Prudent Investor Act. These statutes restrict public Authority investing to the Prudent Investor Rule defined by Title 60 Oklahoma Statutes to consider the purposes, terms, distribution requirements, and other circumstances of the trust and to exercise reasonable care, skill, and caution. Investment decisions must be evaluated not in isolation, but in the context of the trust portfolio as a whole and as a part of the overall investment strategy having risk and return objectives reasonably suited to the Authority.

II. B. RECEIVABLES AND UNCOLLECTIBLE AMOUNTS

Property Taxes Receivable

Revenues include TIF property tax collections. TIF property taxes are designated TIF districts paid directly to the Authority. Taxes levied annually on November 1 are due one-half by December 31 and one-half by March 31. Major tax payments are received December through April. Lien dates for real property are in June and October, respectively. Property taxes receivable and related revenue include all amounts due the Authority regardless of when cash is received. Over time, substantially all property taxes are collected. In 2018 and 2017, respectively, the Authority recognized \$3,074 and \$1,949 in property taxes receivable.

Accounts Receivable

	<u>2018</u>	<u>2017</u>
<i>Governmental activities</i>		
Ticket and event receivables	\$790,996	\$617,824
Lease revenues receivables	254,043	547,424
Other receivables	<u>58,519</u>	<u>-</u>
	<u>\$1,103,558</u>	<u>\$1,165,248</u>
<i>Business-type activities</i>		
Golf course miscellaneous receivables	<u>\$493</u>	<u>\$5,494</u>

Advance Funding

The Authority advances funds to allow the management company to operate for the City's business improvement districts until payment is received from the business owners for services and improvements. As of June 30, 2018 and 2017, \$162,887 was unexpended.

II. C. INVENTORIES

	<u>2018</u>	<u>2017</u>
<i>Governmental activities</i>		
Food and beverage items and other supplies	<u>\$228,767</u>	<u>\$173,270</u>
 <i>Business-type activities</i>		
Restaurant inventory	57,123	53,175
Cart barn and driving range supplies	33,817	40,901
Maintenance and janitorial supplies	<u>241,545</u>	<u>243,525</u>
	<u>332,485</u>	<u>337,601</u>
	<u>\$561,252</u>	<u>\$510,871</u>

II. D. PREPAID ASSETS

	<u>2018</u>	<u>2017</u>
<i>Governmental activities</i>		
Software license and support agreements	\$255,361	\$366,804
SMG operations	<u>8,845</u>	<u>16,779</u>
	<u>264,206</u>	<u>383,583</u>
 <i>Business-type activities</i>		
Prepaid insurance	\$312,820	\$331,534
Software and vehicle maintenance	8,479	8,083
Business and vehicle insurance	<u>408</u>	<u>558</u>
	<u>321,707</u>	<u>340,175</u>
	<u>\$585,913</u>	<u>\$723,758</u>

II. E. NET PENSION ASSET

Authority Share

A net pension asset is reported when a pension plan's total pension asset exceeds the plan's net liabilities, or the employer's proportionate share of the plan's net total pension asset exceeds the plan's proportionate share of net assets for cost sharing, multiple employer plans. The Authority's net pension asset and the total pension asset used to calculate the net pension asset was actuarially determined at July 1, 2016, which was rolled forward to June 30, 2017. Related to OCPPA, the Authority reported a net pension asset of \$435,322 at June 30, 2018.

II. F. CAPITAL ASSETS

Changes in Capital Assets

	2018							
	Capital Assets, not depreciated			Capital Assets, depreciated				
	Land and Art	Construction In Progress	Total Capital Assets, not depreciated	Buildings	Improvements Other Than Buildings	Furniture, Machinery, and Equipment	Total Capital Assets, depreciated	Total Capital Assets, net
<i>Governmental Activities</i>								
CAPITAL ASSETS								
Balance, June 30, 2017	\$8,546,040	\$1,818,280	\$10,364,320	\$50,721,266	\$45,614,434	\$15,795,765	\$112,131,465	\$122,495,785
Increases	363,426	11,541	374,967	8,000	-	4,537,002	4,545,002	4,919,969
Transfers	<u>2,829</u>	<u>(1,625,859)</u>	<u>(1,623,030)</u>	-	-	<u>1,623,030</u>	<u>1,623,030</u>	-
Balance, June 30, 2018	<u>8,912,295</u>	<u>203,962</u>	<u>9,116,257</u>	<u>50,729,266</u>	<u>45,614,434</u>	<u>21,955,797</u>	<u>118,299,497</u>	<u>127,415,754</u>
ACCUMULATED DEPRECIATION								
Balance, June 30, 2017				10,110,836	16,996,478	11,404,440	38,511,754	38,511,754
Increases				<u>2,146,119</u>	<u>1,701,651</u>	<u>1,869,867</u>	<u>5,717,637</u>	<u>5,717,637</u>
Balance, June 30, 2018				<u>12,256,955</u>	<u>18,698,129</u>	<u>13,274,307</u>	<u>44,229,391</u>	<u>44,229,391</u>
Total governmental activities	<u>8,912,295</u>	<u>203,962</u>	<u>9,116,257</u>	<u>38,472,311</u>	<u>26,916,305</u>	<u>8,681,490</u>	<u>74,070,106</u>	<u>83,186,363</u>
<i>Business-type Activities</i>								
CAPITAL ASSETS								
Balance, June 30, 2017	2,004,837	694,468	2,699,305	39,279,425	84,688,123	8,632,502	132,600,050	135,299,355
Increases	-	6,816,542	6,816,542	-	-	1,105,414	1,105,414	7,921,956
Decreases	-	<u>(217)</u>	<u>(217)</u>	-	-	<u>(288,839)</u>	<u>(288,839)</u>	<u>(289,056)</u>
Balance, June 30, 2018	<u>2,004,837</u>	<u>7,510,793</u>	<u>9,515,630</u>	<u>39,279,425</u>	<u>84,688,123</u>	<u>9,449,077</u>	<u>133,416,625</u>	<u>142,932,255</u>
ACCUMULATED DEPRECIATION								
Balance, June 30, 2017				8,430,456	62,110,239	6,478,987	77,019,682	77,019,682
Increases				892,794	6,155,806	554,209	7,602,809	7,602,809
Decreases				-	-	<u>(278,417)</u>	<u>(278,417)</u>	<u>(278,417)</u>
Balance, June 30, 2018				<u>9,323,250</u>	<u>68,266,045</u>	<u>6,754,779</u>	<u>84,344,074</u>	<u>84,344,074</u>
Total business-type activities	<u>2,004,837</u>	<u>7,510,793</u>	<u>9,515,630</u>	<u>29,956,175</u>	<u>16,422,078</u>	<u>2,694,298</u>	<u>49,072,551</u>	<u>58,588,181</u>
Total	<u>\$10,917,132</u>	<u>\$7,714,755</u>	<u>\$18,631,887</u>	<u>\$68,428,486</u>	<u>\$43,338,383</u>	<u>\$11,375,788</u>	<u>\$123,142,657</u>	<u>\$141,774,544</u>

(continued)

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY

Changes in Capital Assets (continued)

	2017							
	Capital Assets, not depreciated			Capital Assets, depreciated				
	Land and Art	Construction In Progress	Total Capital Assets, not depreciated	Buildings	Improvements Other Than Buildings	Furniture, Machinery, and Equipment	Total Capital Assets, depreciated	Total Capital Assets, net
<i>Governmental Activities</i>								
<u>CAPITAL ASSETS</u>								
Balance, June 30, 2016	\$8,295,215	\$201,507	\$8,496,722	\$50,724,274	\$45,602,561	\$15,831,641	\$112,158,476	\$120,655,198
Increases	252,573	1,629,728	1,882,301	-	15,571	549,133	564,704	2,447,005
Decreases	-	-	-	(3,008)	(3,698)	(599,712)	(606,418)	(606,418)
Transfers	(1,748)	(12,955)	(14,703)	-	-	14,703	14,703	-
Balance, June 30, 2017	<u>8,546,040</u>	<u>1,818,280</u>	<u>10,364,320</u>	<u>50,721,266</u>	<u>45,614,434</u>	<u>15,795,765</u>	<u>112,131,465</u>	<u>122,495,785</u>
<u>ACCUMULATED</u>								
<u>DEPRECIATION</u>								
Balance, June 30, 2016				8,972,429	15,233,669	9,947,565	34,153,663	34,153,663
Increases				1,138,832	1,765,828	1,898,537	4,803,197	4,803,197
Decreases				(425)	(3,019)	(441,662)	(445,106)	(445,106)
Balance, June 30, 2017				<u>10,110,836</u>	<u>16,996,478</u>	<u>11,404,440</u>	<u>38,511,754</u>	<u>38,511,754</u>
Total governmental activities	<u>8,546,040</u>	<u>1,818,280</u>	<u>10,364,320</u>	<u>40,610,430</u>	<u>28,617,956</u>	<u>4,391,325</u>	<u>73,619,711</u>	<u>83,984,031</u>
<i>Business-type Activities</i>								
<u>CAPITAL ASSETS</u>								
Balance, June 30, 2016	2,004,837	81,548	2,086,385	39,183,611	84,591,927	8,677,722	132,453,260	134,539,645
Increases	-	800,763	800,763	4,167	-	511,806	515,973	1,316,736
Decreases	-	-	-	-	-	(557,026)	(557,026)	(557,026)
Transfers	-	(187,843)	(187,843)	91,647	96,196	-	187,843	-
Balance, June 30, 2017	<u>2,004,837</u>	<u>694,468</u>	<u>2,699,305</u>	<u>39,279,425</u>	<u>84,688,123</u>	<u>8,632,502</u>	<u>132,600,050</u>	<u>135,299,355</u>
<u>ACCUMULATED</u>								
<u>DEPRECIATION</u>								
Balance, June 30, 2016				7,547,829	56,859,328	6,535,326	70,942,483	70,942,483
Increases				882,627	5,250,911	482,912	6,616,450	6,616,450
Decreases				-	-	(539,251)	(539,251)	(539,251)
Balance, June 30, 2017				<u>8,430,456</u>	<u>62,110,239</u>	<u>6,478,987</u>	<u>77,019,682</u>	<u>77,019,682</u>
Total business-type activities	<u>2,004,837</u>	<u>694,468</u>	<u>2,699,305</u>	<u>30,848,969</u>	<u>22,577,884</u>	<u>2,153,515</u>	<u>55,580,368</u>	<u>58,279,673</u>
Total	<u>\$10,550,877</u>	<u>\$2,512,748</u>	<u>\$13,063,625</u>	<u>\$71,459,399</u>	<u>\$51,195,840</u>	<u>\$6,544,840</u>	<u>\$129,200,079</u>	<u>\$142,263,704</u>

Depreciation Expense

	<i>Governmental Activities</i>		<i>Business-type Activities</i>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Culture and recreation	\$4,858,232	\$3,653,175	Golf courses	\$910,483
Public services	859,405	1,150,022	Fairgrounds	6,692,326
	<u>\$5,717,637</u>	<u>\$4,803,197</u>		<u>\$7,602,809</u>
				<u>\$6,616,450</u>

Capitalized Interest

	2018		2017	
	<u>Total Interest Costs Incurred</u>	<u>Capitalized Interest</u>	<u>Total Interest Costs Incurred</u>	<u>Capitalized Interest</u>
<i>Business-type Activities</i>				
Fairgrounds	\$2,982,386	\$83,044	\$3,071,049	\$8,407
Golf Courses	<u>388,638</u>	<u>-</u>	<u>417,368</u>	<u>-</u>
	<u>\$3,371,024</u>	<u>\$83,044</u>	<u>\$3,488,417</u>	<u>\$8,407</u>

II. G. DEFERRED OUTFLOWS OF RESOURCES

Deferred Amounts on Refunding

Deferred amounts on refundings of bonds results from a difference in the carrying value of refunded debt to its reacquisition price. Deferred amounts on refunding are amortized over the shorter of the life of the refunded or refunding debt. The Golf Courses Fund reported deferred amounts on refunding of \$2,391 less accumulated amortization of \$1,432 and \$1,249 at June 30, 2018 and 2017, respectively, related to the refunding of the 1998 Golf Revenue Refunding and Improvement Bonds.

Pension Deferred Outflows

Differences are deferred when the pension system's actuarial estimate of the plan's experience costs for a given period differ from the actual experience costs. Deferred outflows that result from plan experience differences are divided by the beginning expected remaining service life of its members and amortized over that period, with the current year amount included in the determination of pension expense. Differences are also calculated and recorded as deferred outflows when actual investment earnings exceed estimated investment earnings. This amount is amortized over a fixed 5 year period for each unique fiscal year. Current year employee contributions are deferred and included in the following year net pension liability calculation.

	2018		2017	
	Authority		Authority	
	<u>Total Plan</u>	<u>Share</u>	<u>Total Plan</u>	<u>Share</u>
Current year contributions - Employer	\$7,056,707	\$122,786	\$6,853,993	\$119,259
Change in assumptions	5,140,925	89,452	6,206,446	107,992
Investment projected vs actual	<u>11,866,229</u>	<u>206,472</u>	<u>37,021,084</u>	<u>644,164</u>
	<u>\$24,063,861</u>	<u>\$418,710</u>	<u>\$50,081,523</u>	<u>\$871,415</u>

OPEB Deferred Outflows

Differences are deferred when the OPEB system's actuarial estimate of the plan's experience costs for a given period differ from the actual experience costs. Differences are also calculated and recorded as deferred outflows when actual investment earnings exceed estimated investment earnings. This amount is amortized over a fixed 5 year period for each unique fiscal year. Current year employee contributions are deferred and included in the following year net OPEB liability calculation.

	<u>2018</u>	
	<u>Total Plan</u>	<u>Authority Share</u>
Current year contributions - Employer	\$14,562,836	\$222,811
Investment projected vs actual	<u>3,943,180</u>	<u>60,331</u>
OPEB deferred outflows	<u>\$18,506,016</u>	<u>\$283,142</u>

III. LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

III. A. UNEARNED REVENUES

	<i>Governmental Activities</i>	
	<u>2018</u>	<u>2017</u>
<u>CURRENT</u>		
Advance sale of tickets for events	\$ -	\$1,093,251
SMG operations	5,326,073	8,640,316
Digital Antennae Service (DAS) leases	325,366	398,404
Utility Reimbursements	77,820	-
Naming rights	<u>25,000</u>	<u>25,000</u>
	<u>\$5,754,259</u>	<u>\$10,156,971</u>
<u>NON-CURRENT</u>		
DAS leases	<u>\$532,710</u>	<u>\$661,968</u>

III. B. COMPENSATED ABSENCES

Compensated absences balances changed from June 30, 2017 to June 30, 2018 by accruals of \$36,914 and usages of \$74,883, and from June 30, 2016 to June 30, 2017 by accruals of \$127,339 and usages of \$118,823.

III. C. REVENUE BONDS

Unamortized Bond Discount/Premium

	<u>2018</u>			<u>2017</u>		
	<u>Golf Courses</u>	<u>Fairgrounds</u>	<u>Total</u>	<u>Golf Courses</u>	<u>Fairgrounds</u>	<u>Total</u>
Bonds payable	\$11,170,000	\$74,855,000	\$86,025,000	\$11,995,000	\$77,580,000	\$89,575,000
Unamortized bond discount/premium	<u>27,004</u>	<u>5,055,470</u>	<u>5,082,474</u>	<u>29,501</u>	<u>5,680,025</u>	<u>5,709,526</u>
Bonds payable, net	<u>\$11,197,004</u>	<u>\$79,910,470</u>	<u>\$91,107,474</u>	<u>\$12,024,501</u>	<u>\$83,260,025</u>	<u>\$95,284,526</u>

Golf Courses Revenue Bonds

On September 1, 2010, the Series 2010 Golf Courses Revenue Refunding Bonds were issued for \$8,465,000 and the proceeds were transferred to the Series 1998 Golf Courses Revenue Bond redemption trust account and were used to call the Series 1998 Golf Courses Revenue Bonds on October 1, 2010. Series 2010 Golf Courses Revenue Refunding Bonds, less issue costs of \$68,979, along with the debt service reserve for the Series 1998 Golf Courses Revenue Bonds of \$954,625 and the balance of principal account of \$450,000 were used to defease the Series 1998 Golf Courses Revenue Bonds balance of \$9,780,000 leaving a balance of \$20,656 to be used for future projects. The Series 2010 Golf Courses Revenue Bond issue interest rate is 3.15%.

On July 11, 2012, the Series 2012 Golf Courses Revenue Bonds were issued for \$7,565,000 to improve Lincoln Park Golf Course. The Series 2012 Golf Courses Revenue Bonds less issue costs of \$75,115 were used to supplement the City Series 2010 General Obligation Bond amount of \$2,250,000 to be used for construction and renovation of the course facilities. The average interest rate on these bonds is 2.81%.

Fairgrounds Hotel/Motel Tax Revenue Bonds

On December 14, 2004, City voters approved a 5.5% hotel tax for the purpose of encouraging, promoting and fostering convention and tourism for the City. Pursuant to the security agreement, the City agrees on a year to year basis to transfer the hotel tax revenues to the Authority.

The bonds are limited obligations of the Authority payable solely from the trust estate pledged under the indenture consisting of the convention and tourism development portion and the fairgrounds development portion of the hotel tax revenues received by the Authority from the City pursuant to the security agreement described below. Interest on the bonds is payable each April 1 and October 1, commencing April 1, 2006. The indenture requires the use of project, principal, interest, and reserve accounts.

The fairgrounds are owned by the City and leased to the Authority pursuant to a lease agreement dated November 1, 1961, as amended. The term of the lease has been extended for as long as the bonds remain outstanding.

On August 1, 2007, the Authority issued \$20 million in Series 2007A Hotel Tax Revenue Bonds with an average interest rate of 4.24%. Total proceeds included \$322,145 in discount. Issuance costs were \$396,920. Net proceeds of \$19,280,935 are used to fund various fairgrounds renovations, primarily the Norick Coliseum, the prime location for all equine events. Other significant uses of funds include a new gateway, security fencing, transportation trams, parking lots and associated drainage.

On October 1, 2011, the Authority issued \$9,285,000 in Series 2011 Hotel Tax Revenue Bonds. The proceeds of \$9,183,007 from the bonds, less \$183,007 in issuance costs, will be used to finance the construction and renovation of the fairgrounds facilities.

On July 30, 2015, the Authority issued \$58,305,000 in Series 2015 Hotel Tax Revenue Refunding Bonds. Total proceeds included \$7,372,124 in premium. Issuance costs were \$242,562. Net proceeds of \$20,007,200 will be used to fund infrastructure improvements. The Series 2015 Hotel Tax Revenue Refunding Bonds defeased \$43,860,000 of Series 2005 Hotel Tax refunding revenue bonds and was used to call \$1,800,000 in Series 2012 Hotel Tax Revenue Bonds.

Bonded Debt Service Requirements to Maturity

Golf System Bonds

Fiscal Year	Golf System Series 2010			Golf System Series 2012		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$610,000	\$138,442	\$748,442	\$235,000	\$218,640	\$453,640
2020	630,000	118,913	748,913	240,000	211,515	451,515
2021	650,000	98,752	748,752	250,000	204,165	454,165
2022	670,000	77,963	747,963	255,000	196,590	451,590
2023	690,000	56,543	746,543	265,000	188,790	453,790
2024-2028	1,450,000	45,990	1,495,990	1,455,000	816,701	2,271,701
2029-2033	-	-	-	1,710,000	552,396	2,262,396
2034-2038	--	--	--	<u>2,060,000</u>	<u>204,625</u>	<u>2,264,625</u>
	<u>\$4,700,000</u>	<u>\$536,603</u>	<u>\$5,236,603</u>	<u>\$6,470,000</u>	<u>\$2,593,422</u>	<u>\$9,063,422</u>

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY

Fairgrounds Bonds

Fiscal Year	Fairgrounds Series 2007A			Fairgrounds Series 2011		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$160,000	\$714,150	\$874,150	\$125,000	\$358,144	\$483,144
2020	165,000	707,244	872,244	130,000	353,994	483,994
2021	170,000	700,125	870,125	135,000	349,356	484,356
2022	180,000	692,688	872,688	140,000	344,544	484,544
2023	185,000	684,931	869,931	145,000	339,103	484,103
2024-2028	1,065,000	3,293,550	4,358,550	815,000	1,599,197	2,414,197
2029-2033	9,465,000	2,669,137	12,134,137	5,360,000	981,422	6,341,422
2034-2038	<u>4,645,000</u>	<u>104,513</u>	<u>4,749,513</u>	<u>1,745,000</u>	<u>161,213</u>	<u>1,906,213</u>
	<u>\$16,035,000</u>	<u>\$9,566,338</u>	<u>\$25,601,338</u>	<u>\$8,595,000</u>	<u>\$4,486,973</u>	<u>\$13,081,973</u>

Fiscal Year	Fairgrounds Series 2015		
	Principal	Interest	Total
2019	\$2,575,000	\$2,446,875	\$5,021,875
2020	2,710,000	2,314,750	5,024,750
2021	2,850,000	2,175,750	5,025,750
2022	2,995,000	2,029,625	5,024,625
2023	3,150,000	1,876,000	5,026,000
2024-2028	18,340,000	6,785,500	25,125,500
2029-2033	10,915,000	2,504,125	13,419,125
2034-2038	4,055,000	1,208,125	5,263,125
2039-2040	<u>2,635,000</u>	<u>133,375</u>	<u>2,768,375</u>
	<u>\$50,225,000</u>	<u>\$21,474,125</u>	<u>\$71,699,125</u>

Revenue Bonds Outstanding

	Amount Issued	Interest Rate %	Issue Date	Principal Maturity Date	2018	2017
					Balance	Balance
Golf System, Series 2010	\$8,465,000	3.15	09-01-10	10-01-23	\$4,700,000	\$5,295,000
Golf System, Series 2012	7,565,000	0.45 - 3.85	07-11-12	10-01-37	6,470,000	6,700,000
Fairgrounds, Series 2007A	20,000,000	4.0 - 4.5	08-01-07	10-01-34	16,035,000	16,190,000
Fairgrounds, Series 2011	9,285,000	2.0 - 4.5	10-01-11	10-01-36	8,595,000	8,720,000
Fairgrounds, Series 2015	58,305,000	3.0 - 5.0	07-30-15	10-01-39	<u>50,225,000</u>	<u>52,670,000</u>
					<u>\$86,025,000</u>	<u>\$89,575,000</u>

Bond Coverage

Golf System Bonds

	<u>2018</u>	<u>2017</u>
Gross revenue, including non-operating revenues and payments from the City	\$9,503,909	\$9,648,733
Direct operating expenses, excluding other post-employment benefit expense, payments to the City, depreciation and amortization	<u>7,658,811</u>	<u>7,887,655</u>
Net revenue available for debt service	<u>\$1,845,098</u>	<u>\$1,761,078</u>
Principal amounts	\$825,000	\$825,000
Interest amounts	<u>383,037</u>	<u>383,037</u>
Total debt service requirements	<u>\$1,208,037</u>	<u>\$1,208,037</u>
Revenue bond coverage	<u>1.53</u>	<u>1.45</u>

The bond indentures require the payment of principal and interest before any other expenditures may be made. Gross revenues and expenses for golf bonds exclude James E. Stewart Golf Course and direct operating expenses exclude administrative payments to the City. In addition, depreciation and amortization expenses are excluded from the direct operating expenses as they do not affect funds available for debt service. Principal and interest is the maximum debt service paid in any year for bond covenants coverage calculations for Series 2012 golf bonds. The required revenue bond coverage is 1.1 for golf bonds.

Fairgrounds Bonds

	<u>2018</u>	<u>2017</u>
Gross revenue, including non-operating revenues and payments from the City	<u>\$13,929,948</u>	<u>\$12,928,435</u>
Net revenue available for debt service	<u>\$13,929,948</u>	<u>\$12,928,435</u>
Principal amounts	\$2,725,000	\$2,620,000
Interest amounts	<u>3,621,869</u>	<u>3,760,745</u>
Total debt service requirements	<u>\$6,346,869</u>	<u>\$6,380,745</u>
Revenue bond coverage	<u>2.19</u>	<u>2.02</u>

Gross revenues for the fairgrounds bonds are 10/11ths of the recognized hotel/motel taxes collected by the City and pledged to the debt. No direct expenses are included as the operations of the fairgrounds are not reported as part of the Authority. There is no required revenue bond coverage for fairground bonds.

Bond Defeasance

Outstanding Defeased Bonds

<u>Fund</u>	<u>Purpose</u>	<u>Bond Series</u>	<u>2018</u>		<u>2017</u>	
			<u>Defeased Balance</u>	<u>Outstanding Balance</u>	<u>Defeased Balance</u>	<u>Outstanding Balance</u>
Fairgrounds Fund	Fairgrounds facilities	2005	\$43,860,000	\$37,645,000	\$43,860,000	\$39,820,000

III. D. SEGMENT INFORMATION AND PLEDGED REVENUES

Authority issued revenue bonds to support its golf course activities and fairgrounds improvements. The Authority financial statements report revenue-supported debt. In 2018 and 2017 the Authority recognized \$8,572,711 and \$8,610,338 in golf course revenues excluding James E. Stewart Golf Course, respectively, and \$8,339,218 and \$7,524,734 in hotel/motel tax payments from the City to the Fairgrounds Fund, respectively.

III. E. ARBITRAGE COMPLIANCE

Proceeds from tax-exempt revenue bonds issued after September 1, 1986, are subject to the 1986 Tax Reform Act. The Authority invests, records, and reports these proceeds in the manner set forth by the U.S. Treasury and Internal Revenue Service to maintain the tax-exempt status of the bonds. The Authority did not have an arbitrage liability as of June 30, 2018 and 2017.

III. F. NET PENSION LIABILITY

A net pension liability is reported when a pension plan's total pension liability exceeds the plan's net assets, or the employer's proportionate share of the plan's net total pension liability exceeds the plan's proportionate share of net assets for cost sharing, multiple employer plans. The Authority's net pension liability and the total pension liability used to calculate the net pension liability was actuarially determined at July 1, 2015, which was rolled forward to June 30, 2016. Related to OCPPA, the Authority reported a net pension liability of \$20,413 at June 30, 2017.

III. G. NET OPEB LIABILITY

A net OPEB liability is reported when a OPEB plan's total OPEB liability exceeds the plan's net assets. The Authority's net OPEB liability and the total OPEB liability used to calculate the net OPEB liability was actuarially determined at June 30, 2017. Related to OCPPA, the Authority reported a net OPEB liability of \$7,985,496 at June 30, 2018.

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY

III. H. CHANGES IN LONG-TERM DEBT

	2018						
	Balance July 1, 2017	Change in Accounting Principle	Issued	Retired	Balance June 30, 2018	Due Within One Year	Due After One Year
<i>Primary Authority</i>							
<i>Business-type Activities</i>							
<u>COMPENSATED ABSENCES</u>							
Golf Courses Fund	\$197,174	\$ -	\$36,914	\$74,883	\$159,205	\$45,656	\$113,549
<u>REVENUE BONDS</u>							
Golf Courses Fund	11,995,000	-	-	825,000	11,170,000	845,000	10,325,000
Fairgrounds Fund	<u>77,580,000</u>	<u>-</u>	<u>-</u>	<u>2,725,000</u>	<u>74,855,000</u>	<u>2,860,000</u>	<u>71,995,000</u>
Total revenue bonds	<u>89,575,000</u>	<u>-</u>	<u>-</u>	<u>3,550,000</u>	<u>86,025,000</u>	<u>3,705,000</u>	<u>82,320,000</u>
<u>NET PENSION LIABILITY</u>							
Golf Courses Fund	<u>20,413</u>	<u>-</u>	<u>241,340</u>	<u>261,753</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET OPEB LIABILITY</u>							
Golf Courses Fund	<u>4,493,675</u>	<u>3,990,235</u>	<u>951,598</u>	<u>1,450,012</u>	<u>7,985,496</u>	<u>-</u>	<u>7,985,496</u>
Total business-type activities	<u>94,286,262</u>	<u>3,990,235</u>	<u>1,229,852</u>	<u>5,336,648</u>	<u>94,169,701</u>	<u>3,750,656</u>	<u>90,419,045</u>
Total primary Authority	<u>\$94,286,262</u>	<u>\$3,990,235</u>	<u>\$1,229,852</u>	<u>\$5,336,648</u>	<u>\$94,169,701</u>	<u>\$3,750,656</u>	<u>\$90,419,045</u>
2017							
	Balance July 1, 2017	Issued	Retired	Balance June 30, 2017	Due Within One Year	Due After One Year	
<i>Primary Authority</i>							
<i>Governmental Activities</i>							
Notes payable	\$168,857	\$ -	\$168,857	\$ -	\$ -	\$ -	
<i>Business-type Activities</i>							
<u>COMPENSATED ABSENCES</u>							
Golf Courses Fund	188,658	127,339	118,823	197,174	74,653	122,521	
<u>REVENUE BONDS</u>							
Golf Courses Fund	12,790,000	-	795,000	11,995,000	825,000	11,170,000	
Fairgrounds Fund	<u>80,200,000</u>	<u>-</u>	<u>2,620,000</u>	<u>77,580,000</u>	<u>2,725,000</u>	<u>74,855,000</u>	
Total revenue bonds	<u>92,990,000</u>	<u>-</u>	<u>3,415,000</u>	<u>89,575,000</u>	<u>3,550,000</u>	<u>86,025,000</u>	
<u>NET PENSION LIABILITY</u>							
Golf Courses Fund	-	<u>149,627</u>	<u>129,214</u>	<u>20,413</u>	<u>-</u>	<u>20,413</u>	
<u>NET OPEB LIABILITY</u>							
Golf Courses Fund	<u>3,967,361</u>	<u>526,314</u>	<u>-</u>	<u>4,493,675</u>	<u>-</u>	<u>4,493,675</u>	
Total business-type activities	<u>97,146,019</u>	<u>803,280</u>	<u>3,663,037</u>	<u>94,286,262</u>	<u>3,624,653</u>	<u>90,661,609</u>	
Total primary Authority	<u>\$97,314,876</u>	<u>\$803,280</u>	<u>\$3,831,894</u>	<u>\$94,286,262</u>	<u>\$3,624,653</u>	<u>\$90,661,609</u>	

III. I. GUARANTEED DEBT

A guarantee of debt represents a promise to meet any debt service requirements that falls short without the expectation or requirement of benefit to the City. The City has provided a guarantee of the debt for the Authority. Although the guarantee must be approved each year by City Council, the guarantee is required to be in tact as part of the debt instrument. The City has not and does not expect to act on any of these guarantees.

	<u>2018</u>		<u>2017</u>	
	Amount Guaranteed (1)	Total Amount Outstanding (2)	Amount Guaranteed (1)	Total Amount Outstanding (2)
<i>Business-Type Activities</i>				
Golf Courses bonded debt	<u>\$1,202,082</u>	<u>\$11,170,000</u>	<u>\$1,208,036</u>	<u>\$11,995,000</u>

(1) The amount guaranteed is only the amount of debt service due on or before June 30, 2019 and 2018, and covered under the guarantee effective June 30, 2018 and 2017. It is anticipated that the guarantees will be renewed annually.

(2) The amount outstanding does not include interest.

The City has executed an agreement of support which guarantees the City will fund bond reserve requirements for the Series 2012 Golf Courses Revenue Bonds and the General Purpose Fund capital financing note. Under Oklahoma law, the City may only be obligated to transfer up to the end of it's fiscal year (June 30) and has no legal obligation or promise to transfer beyond it's fiscal year. The debt instruments recognize the limitations set by state law and the City's moral obligation to renew the guarantees. The debt instruments require the City to renew the guarantees annually. The City did not and was not required to fund bond reserve requirements for the Authority in 2018 or any preceding year in which the debt was outstanding or any amounts due for the General Purpose Fund capital financing note.

III. J. DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue

	<u>2018</u>	<u>2017</u>
Civic Center Music Hall event receivables	\$ -	\$103,629
Bricktown ballpark rent	168,542	177,179
SMG event receivables	220,116	96,113
Investment earnings	10,353	5,377
Property tax	<u>3,075</u>	<u>1,948</u>
	<u>\$402,086</u>	<u>\$384,246</u>

Deferred Amount on Refunding

Deferred amounts on refundings of bonds results from a difference in the carrying value of refunded debt to its reacquisition price. Deferred amounts on refunding are amortized over the shorter of the life of the refunded or refunding debt. The Fairgrounds Fund reported a deferred amount on refunding related to the refunding of the 2005 Series Hotel Tax Revenue Bonds of \$212,712, less accumulated amortization of \$43,537 at June 30, 2018 and \$28,610 at June 30, 2017.

Pension Deferred Inflows

Differences are deferred when the pension system's actuarial estimate of the plan's experience costs for a given period differ from the actual experience costs. Deferred inflows that result from plan experience differences are divided by the beginning expected remaining service life of its members and amortized over that period, with the current year amount included in the determination of pension expense.

	2018		2017	
	Total Plan	Authority Share	Total Plan	Authority Share
Difference between expected and actual pension plan experience	<u>\$16,418,156</u>	<u>\$285,675</u>	<u>\$16,244,126</u>	<u>\$282,648</u>

OPEB Deferred Inflows

Differences are deferred when the OPEB system's actuarial estimate of the plan's experience costs for a given period differ from the actual experience costs. Deferred inflows that result from plan experience differences and change in assumptions are divided by the beginning expected remaining service life of its members and amortized over that period, with the current year amount included in the determination of OPEB expense.

	2018	
	Total Plan	Authority Share
Difference between expected and actual OPEB plan experience	\$1,518,042	\$23,226
Change in assumptions	<u>43,737,688</u>	<u>669,187</u>
	<u>\$45,255,730</u>	<u>\$692,413</u>

IV. FUND EQUITY

Change in Accounting Principle

Effective July 1, 2017, the Authority adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This changed its method of accounting and recognized an additional net OPEB liability of \$3,990,235 and reduced net position by \$3,748,232 resulting in a deferred outflow of \$242,003.

IV. A. FUND BALANCE

Non-spendable Fund Balance

	2018	2017
Inventories	\$228,767	\$173,270
Prepays	264,206	383,583
Advance funding	<u>162,887</u>	<u>162,887</u>
	<u>\$655,860</u>	<u>\$719,740</u>

Restricted Fund Balance

	<u>2018</u>	<u>2017</u>
Restricted for TIF districts	\$77,227	\$66,651
Restricted for special improvement districts	98,682	98,551
Restricted for business improvement districts	92,994	807,832
Restricted for NBA operations	-	933
Restricted for Cox Convention Center maintenance	862,160	739,964
Restricted for NBA practice facility	625,177	524,706
Restricted for Civic Center improvements	406,738	187,089
Restricted for Ballpark capital improvements	539,311	285,182
Restricted for Chesapeake Energy Arena capital improvements	726,416	448,423
Restricted for Softball Hall of Fame donations	<u>35,985</u>	<u>114,231</u>
	<u>\$3,464,690</u>	<u>\$3,273,562</u>

Committed Fund Balance

	<u>2018</u>	<u>2017</u>
Committed for metropolitan area projects use tax capital projects	<u>\$557,088</u>	<u>\$534,768</u>

Assigned Fund Balance

	<u>2018</u>	<u>2017</u>
Assigned for Metropolitan Area Projects support	\$790,580	\$1,205,479
Assigned for the centennial land run project	429,276	488,367
Assigned for fairgrounds electricity	124,636	124,467
Assigned for Oklahoma City Redhawks utility reimbursements	30,524	29,184
Assigned for Civic Center parking	441,502	529,380
Assigned for Civic Center promotions	172,825	176,557
Assigned for water taxi and canal operations	237,374	228,114
Assigned for non-capital equipment replacement	844,798	1,271,575
Assigned for SMG operations	2,852,888	3,862,575
Assigned for NBA practice facility	34,189	34,143
Assigned for Oklahoma River sediment removal	1,813,293	339,469
Assigned for General Purpose Fund encumbrances	<u>547,490</u>	<u>458,315</u>
	<u>\$8,319,375</u>	<u>\$8,747,625</u>

Unassigned

	<u>2018</u>	<u>2017</u>
Unassigned	<u>\$833,818</u>	<u>\$310,875</u>

IV. B. NET POSITION

Net Investment in Capital Assets

	2018			2017		
	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>
	<i>Activities</i>	<i>Activities</i>		<i>Activities</i>	<i>Activities</i>	
Capital assets, net	\$83,186,363	\$58,588,181	\$141,774,544	\$83,984,031	\$58,279,673	\$142,263,704
Retainages and capital related accounts payable	(432,095)	(1,071,995)	(1,504,090)	(55,738)	(277,947)	(333,685)
Bonds payable, net	-	(91,107,474)	(91,107,474)	-	(95,284,526)	(95,284,526)
Deferred amount on refunding	-	(168,216)	(168,216)	-	(182,960)	(182,960)
Bond accounts funded with bond proceeds	-	7,293,208	7,293,208	-	15,399,541	15,399,541
Bond issuance costs paid from bond proceeds	-	952,746	952,746	-	952,946	952,946
	<u>\$82,754,268</u>	<u>(\$25,513,550)</u>	<u>\$57,240,718</u>	<u>\$83,928,293</u>	<u>(\$21,113,273)</u>	<u>\$62,815,020</u>

Restricted for Capital Projects

	2018			2017		
	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>
	<i>Activities</i>	<i>Activities</i>		<i>Activities</i>	<i>Activities</i>	
Sports facility sales tax capital projects	\$1,572,545	\$ -	\$1,572,545	\$1,111,636	\$ -	\$1,111,636
Bond construction account	-	6,838,938	6,838,938	-	14,945,048	14,945,048
Bond construction account funded with bond proceeds	-	(6,837,823)	(6,837,823)	-	(14,944,055)	(14,944,055)
Restricted for other capital projects	36,170	-	36,170	-	-	-
	<u>\$1,608,715</u>	<u>\$1,115</u>	<u>\$1,609,830</u>	<u>\$1,111,636</u>	<u>\$993</u>	<u>\$1,112,629</u>

Restricted for Debt Service

	2018			2017		
	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>
	<i>Activities</i>	<i>Activities</i>		<i>Activities</i>	<i>Activities</i>	
Bond principal and interest accounts	\$ -	\$3,776,639	\$3,776,639	\$ -	\$3,694,176	\$3,694,176
Bond reserve accounts	-	1,238,921	1,238,921	-	1,233,250	1,233,250
Bond reserve funded with bond proceeds	-	(455,691)	(455,691)	-	(455,691)	(455,691)
Current bond interest payable	-	(989,756)	(989,756)	-	(1,029,218)	(1,029,218)
	<u>\$-</u>	<u>\$3,570,113</u>	<u>\$3,570,113</u>	<u>\$-</u>	<u>\$3,442,517</u>	<u>\$3,442,517</u>

Restricted for Culture and Recreation

	2018			2017		
	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>
	<i>Activities</i>	<i>Activities</i>		<i>Activities</i>	<i>Activities</i>	
Restricted for NBA operations	\$ -	\$ -	\$ -	\$934	\$ -	\$934
Restricted for Cox Convention Center maintenance	1,098,146	-	1,098,146	1,046,918	-	1,046,918
Restricted for Chesapeake Energy Arena capital improvements	726,933	-	726,933	448,545	-	448,545
	<u>\$1,825,079</u>	<u>\$-</u>	<u>\$1,825,079</u>	<u>\$1,496,397</u>	<u>\$-</u>	<u>\$1,496,397</u>

Restricted for Public Services

	2018			2017		
	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>
	<i>Activities</i>	<i>Activities</i>		<i>Activities</i>	<i>Activities</i>	
Restricted for TIF districts	\$77,227	\$ -	\$77,227	\$2,983	\$ -	\$2,983
Restricted for business improvement districts	191,676	-	191,676	873,961	-	873,961
	<u>\$268,903</u>	<u>\$ -</u>	<u>\$268,903</u>	<u>\$876,944</u>	<u>\$ -</u>	<u>\$876,944</u>

Unrestricted

	2018			2017		
	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>	<i>Governmental</i>	<i>Business-type</i>	<i>Total</i>
	<i>Activities</i>	<i>Activities</i>		<i>Activities</i>	<i>Activities</i>	
Unrestricted	<u>\$4,453,353</u>	<u>(\$3,548,519)</u>	<u>\$904,834</u>	<u>\$6,084,701</u>	<u>(\$1,640,110)</u>	<u>\$4,444,591</u>

IV. C. DEFICIT FUND NET POSITION AND FUND BALANCE

Deficits resulting from accrual reporting do not constitute violations of Oklahoma State Statutes.

Deficit Fund Net Position

OCPPA Fairgrounds

Deficit net position at June 30, 2018 and 2017 of \$19,945,793 and \$17,144,927, respectively, is the result of depreciation of capital assets as construction projects are completed.

OCPPA Golf Courses

Deficit net position at June 30, 2018 and 2017 of \$5,579,250 and \$2,223,986, respectively, is the result of significant debt financing of capital assets with tight operating budgets.

V. REVENUES AND EXPENSES

V. A. LEASE REVENUES

The Authority leases digital antenna system sectors in the Cox Convention Center and the Chesapeake Energy Arena to various mobile data coverage providers. The providers pay an annual license fee per each sector leased inside of the building to enhance the data coverage for the facility. The leases are paid annually under a five year initial agreement with an additional renewal agreement of five years available at the commencement of the first agreement. These leases are non-cancelable operating leases. Rental income through June 30, 2018 and 2017 was \$644,258 and \$544,527, respectively.

In July 2009 OCPPA and the Professional Basketball Club, LLC entered into a fifteen year lease agreement for the use of a National Basketball Association practice facility. There are five renewal terms of three years each. The annual rental income is \$100,000 which is subject to adjustment beginning with the commencement of the sixth operating year. Adjustments are based upon increases in the consumer price index capped at 3% annually.

In September 2014, The OKC TransitionCO acquired the rights and responsibilities of a sublease for the Chickasaw Bricktown Ballpark from the Oklahoma City Athletic Club. The sublease is subject to the terms of a financing agreement to provide for the continued operations and maintenance of the Ballpark. The sublease requires annual rent equal to the greater of 7% of paid admissions for all events or \$150,000. Rentals are deposited by the Authority in a capital improvements account designated for future Ballpark capital improvements.

Minimum Rentals on Non-Cancelable Leases

	2019	\$1,022,818
	2020	547,531
	2021	494,294
	2022	252,963
	2023	<u>100,000</u>
		<u>\$2,417,606</u>
Rental income (1)		<u>\$1,371,866</u>

(1) Rental income does not include revenues received for golf cart rentals.

V. B. PENSION EXPENSE

The Authority reported \$103,729 and \$164,714 in pension expense which includes costs related to employee participation in OCERS at June 30, 2018 and 2017, respectively. Deferred employer contribution of \$122,786 made subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending June 30, 2019.

Deferred Inflows of Resources and Deferred Outflows of Resources to be Recognized in Future Pension Expense

	<u>2018</u>			<u>2017</u>	
	<u>OCERS</u>	<u>Authority Share</u>		<u>OCERS</u>	<u>Authority Share</u>
2019 (1)	(\$2,360,898)	(\$41,080)	2018	\$10,045,688	\$174,795
2020	8,028,060	139,688	2019	3,191,695	55,535
2021	3,361,492	58,490	2020	13,580,653	236,303
2022	(6,860,827)	(119,378)	2021	8,914,085	155,105
2023	(1,161,459)	(20,209)	2022	(1,308,234)	(22,763)
Thereafter	<u>(417,370)</u>	<u>(7,262)</u>	Thereafter	<u>(586,490)</u>	<u>(10,208)</u>
	<u>\$588,998</u>	<u>\$10,249</u>		<u>\$33,837,397</u>	<u>\$588,767</u>

(1) Amounts do not include deferred contributions made in fiscal year 2018.

V. C. OPEB EXPENSE

The Authority reported \$152,860 in OPEB expense which includes costs related to employee participation in OPEB at June 30, 2018. Deferred employer contribution of \$222,811 made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending June 30, 2019.

Deferred Inflows of Resources and Deferred Outflows of Resources to be Recognized in Future OPEB Expense

	<u>2018</u>	
	<u>OPEB</u>	<u>Authority Share</u>
2019 (1)	(\$3,997,193)	(\$61,157)
2020	(3,997,193)	(61,157)
2021	(3,997,193)	(61,157)
2022	(3,997,195)	(61,157)
2023	(3,617,683)	(55,351)
Thereafter	<u>(21,706,093)</u>	<u>(332,103)</u>
	<u>(\$41,312,550)</u>	<u>(\$632,082)</u>

(1) Amounts do not include deferred contributions made in fiscal year 2018.

VI. INTERFUND TRANSACTIONS

All activity between governmental and business-type activities are eliminated and any residual balances outstanding between the activities are reported in the Authority-wide financial statements as internal balances.

VI. A. INTERFUND BALANCES

Due Within the Golf Courses

Amounts due within the golf courses represent unpaid balances from the golf courses to the golf system for daily revenue surcharges, equipment fund, operating reserve and administrative charges for equipment purchases, additional expenses, and debt service payments.

2018							
DUE TO							
Golf Courses Fund							
	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	James Stewart	Golf Course System	Total
<u>DUE FROM</u>							
Lake Hefner	\$ -	(\$1,743)	\$ -	\$ -	\$ -	(\$38,970)	(\$40,713)
Lincoln	1,743	-	775	1,485	387	(53,227)	(48,837)
Trosper	-	(775)	-	-	-	(13,550)	(14,325)
Earlywine	-	(1,485)	-	-	-	(29,368)	(30,853)
James Stewart	-	(387)	-	-	-	(387)	(774)
Golf Course System	<u>37,227</u>	<u>57,617</u>	<u>12,775</u>	<u>27,883</u>	<u>-</u>	<u>-</u>	<u>135,502</u>
	<u>\$38,970</u>	<u>\$53,227</u>	<u>\$13,550</u>	<u>\$29,368</u>	<u>\$387</u>	<u>(\$135,502)</u>	<u>\$-</u>

2017							
DUE TO							
Golf Courses Fund							
	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	James Stewart	Golf Course System	Total
<u>DUE FROM</u>							
Lake Hefner	\$ -	(\$1,651)	\$ -	\$ -	\$ -	(\$36,033)	(\$37,684)
Lincoln	1,651	-	734	1,407	367	(40,160)	(36,001)
Trosper	-	(734)	-	-	(4,141)	(14,005)	(18,880)
Earlywine	-	(1,407)	-	-	-	(30,070)	(31,477)
James Stewart	-	(367)	4,141	-	-	3,774	7,548
Golf Course System	<u>34,382</u>	<u>44,319</u>	<u>9,130</u>	<u>28,663</u>	<u>-</u>	<u>-</u>	<u>116,494</u>
	<u>\$36,033</u>	<u>\$40,160</u>	<u>\$14,005</u>	<u>\$30,070</u>	<u>(\$3,774)</u>	<u>(\$116,494)</u>	<u>\$-</u>

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY

Payable To/Receivable From the City

		2018				
		<i>Governmental</i>	<i>Business-Type Activities</i>			
		<i>Activities</i>	Golf Courses	Fairgrounds	Financial	
Purpose	Purpose Fund	General Purpose Fund	Fund	Fund	Services Fund	Total
Receivable From						
City General Fund	Operating expenses	\$ -	\$ -	\$754,907	\$ -	\$754,907
City Capital Improvements Fund	Unspent capital	<u>177,319</u>	-	-	-	-
		<u>\$177,319</u>	<u>\$-</u>	<u>\$754,907</u>	<u>\$-</u>	<u>\$754,907</u>
Payable To						
CURRENT						
City General Fund	Administration charges and utilities	\$571,322	\$44,558	\$ -	\$ -	\$44,558
	TIF district #6 payable	56,687	-	-	-	-
	DAS payable	150,000	-	-	-	-
City MAPS Operations Fund	DAS payable	185,000	-	-	-	-
City Special Districts Fund	Cost reimbursement	191,679	-	-	-	-
City Schools Use Tax Fund	Hockey payable	110,900	-	-	-	-
MAPS3 Use Tax Fund	Convention center prefunding	58,678	-	-	-	-
City Hotel/Motel Fund	Debt service	-	-	754,906	-	754,906
OCMFA Services Fund	Sound system payable	1,276,657	-	-	-	-
	Golf cart payable	-	<u>259,865</u>	-	-	<u>259,865</u>
		<u>\$2,600,923</u>	<u>\$304,423</u>	<u>\$754,906</u>	<u>\$-</u>	<u>\$1,059,329</u>
NON-CURRENT						
City General Fund	TIF district #6 payable	\$757,211	\$ -	\$ -	\$ -	\$ -
City Schools Use Tax Fund	Hockey payable	1,939,131	-	-	-	-
OCMFA Services Fund	Sound system payable	2,517,676	-	-	-	-
	Golf cart payable	-	<u>292,285</u>	-	-	<u>292,285</u>
		<u>\$5,214,018</u>	<u>\$292,285</u>	<u>\$-</u>	<u>\$-</u>	<u>\$292,285</u>

(continued)

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY

Payable To/Receivable From the City (continued)

		2017				
		<i>Governmental</i>	<i>Business-Type Activities</i>			
		<i>Activities</i>	Golf Courses	Fairgrounds	Financial	
Purpose	Purpose	Fund	Fund	Fund	Services Fund	Total
Receivable From						
City General Fund	Administration charges and utilities	\$5,708	\$ -	\$ -	\$ -	\$ -
City Special Districts Fund	Capital funding	35,817	-	-	-	-
City Schools Use Tax Fund	Reimbursement for overpayment	153,972	-	-	-	-
City Hotel/Motel Tax Fund	Capital funding	-	-	1,140,000	-	1,140,000
City Capital Improvements Fund	Capital funding	<u>151,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$347,426</u>	<u>\$-</u>	<u>\$1,140,000</u>	<u>\$-</u>	<u>\$1,140,000</u>
Payable To						
CURRENT						
City General Fund	Administration charges and utilities	\$1,010,590	\$131,968	\$78,503	\$ -	\$210,471
	TIF district #6 payable	55,503	-	-	-	-
	DAS payable	175,000	-	-	-	-
City MAPS Operations Fund	DAS payable	310,000	-	-	-	-
City Special Districts Fund	Cost reimbursements	906,386	-	-	-	-
City Schools Use Tax Fund	Hockey payable	282,741	-	-	-	-
City Sports Facilities Tax Fund	Return of excess subsidy	6	-	-	-	-
MAPS3 Use Tax Fund	Convention center parking	109,179	-	-	-	-
City Stormater Drainage Fund	Public works charges	2,980	127	4,345	-	4,472
City Information Technology Fund	Tower lease	6,286	-	-	-	-
OCMFA Services Fund	Golf cart payable	-	220,445	-	-	220,445
	Golf professional's benefits	<u>-</u>	<u>7,508</u>	<u>-</u>	<u>-</u>	<u>7,508</u>
		<u>\$2,858,671</u>	<u>\$360,048</u>	<u>\$82,848</u>	<u>\$-</u>	<u>\$442,896</u>
NON-CURRENT						
City General Fund	TIF district #6 payable	\$812,713	\$ -	\$ -	\$ -	\$ -
	DAS payable	150,000	-	-	-	-
City Schools Use Tax Fund	Hockey payable	1,965,923	-	-	-	-
OCMFA Services Fund	Golf cart payable	<u>-</u>	<u>376,723</u>	<u>-</u>	<u>-</u>	<u>376,723</u>
		<u>\$2,928,636</u>	<u>\$376,723</u>	<u>\$-</u>	<u>\$-</u>	<u>\$376,723</u>

Advances Within the City

Civic Center Sound System Payable

On August 1, 2017, the City approved a Transfer of Funds and Repayment Agreement (Agreement) between the OCMFA and the OCPPA to purchase a sound system for the Civic Center Music Hall and related financial transactions according to the terms of the Agreement. The Agreement provides a principal amount of \$3,706,000 at an interest rate of 2.64% to be repaid in six annual payments. The first payment is scheduled for July 24, 2018. The balance of the loan at June 30, 2018, is \$3,706,000 and \$88,333 of accrued interest.

TIF District #6 Payable

On October 14, 2008, the Authority received \$1,031,653 from the City City and Schools Use Tax Fund. The funds were used to repay the line of credit related to TIF District #6. The loan was repaid by the City General Fund and the General Purpose Fund over a seven year period at an interest rate of 2%. The City General Fund will now be repaid over the next fourteen years with an interest rate of 0.25%. The balance of the loan at June 30, 2018 and 2017, is \$812,713 and \$1,185 of accrued interest and \$866,952 and \$1,264 of accrued interest, respectively.

Cost Reimbursement Payable To City Special Districts Fund

The City Special Districts Fund assesses property owners to fund services that confer a special benefit upon property within a designated district, such as street sweeping and landscaping. The contracts for these services are managed by the Authority and reimbursed by the City Special Districts Fund. The advance represents funds received in excess of funds expended at June 30, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Beginning balance	\$906,386	\$594,621
Other services	(607,258)	(2,878,024)
Investment income	2,877	11,299
Other non operating revenue	-	(6,369)
Reimbursement from the City	<u>(110,326)</u>	<u>3,184,859</u>
	<u>\$191,679</u>	<u>\$906,386</u>

DAS Payable

On February 25, 2013, \$900,000 was transferred from the City General Fund and \$710,000 was transferred from the City MAPS Operations Fund to finance DAS improvements. The loan is non-interest bearing and will be repaid over seven years. The loans will be repaid with DAS revenues. The balance of the loan at June 30, 2018 and 2017 in the City General Fund and the City MAPS Operations Fund are \$150,000 and \$185,000, and \$325,000 and \$310,000, respectively.

Hockey Payable

On February 16, 2010, the Authority received \$3,200,000 from the City City and School Use Tax Fund. The funds are to be used for the Cox Convention Center facility renovations and upgrade. The loan is to be repaid from revenues generated and collected by SMG under the extended use license agreement with Prodigal Hockey, LLC and from other Cox Convention Center events. The replenishment to the City and Schools Capital Projects Use Tax Fund with an interest rate of 4.19%. Initially, it was anticipated that the amount would be repaid by 2020, however, due to decreased hockey ticket sales, this estimate has been changed to 2036. The balance of the loan at June 30, 2018 and 2017, is \$2,015,556 and \$34,475 of accrued interest and \$2,243,741 and \$4,923 of accrued interest, respectively.

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY

Golf Cart Payable

On January 13, 2015, the Authority received \$1,088,943 from the OCMFA Services Fund worker's compensation reserves. The funds were used for the purchase of 280 golf carts for Lake Hefner and Lincoln Park Golf Courses. The loan has an interest rate of 2.26% and will be repaid over a 5-year period. On March 13, 2018, the Authority received \$180,080 from the OCMFA Services Fund worker's compensation reserves. The funds were used to purchase 70 golf carts for Trospen Park Golf Course. The loan has an interest rate of 2.33% and will be repaid over a 5-year period. The balance of the loans at June 30, 2018 and 2017, are \$551,102 and \$1,048 of accrued interest and \$596,045 and \$1,123 of accrued interest, respectively. The loans were made to the 3 golf courses as follows:

Lake Hefner Golf Course	\$462,809
Lincoln Park Golf Course	626,134
Trospen Park Golf Course	180,080

Annual Payment Requirements to Maturity

Fiscal Year	TIF District #6 Payable			Hockey Payable			Sound System Payable		
	City General Fund			City and Schools Use Tax Fund			OCMFA Services		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	\$55,502	\$2,032	\$57,534	\$76,425	\$84,452	\$160,877	\$1,188,326	\$82,144	\$1,270,470
2020	56,792	1,893	58,685	80,751	81,250	162,001	609,328	66,649	675,977
2021	58,107	1,751	59,858	84,134	77,866	162,000	625,598	50,380	675,978
2022	59,450	1,606	61,056	87,659	74,341	162,000	642,113	33,865	675,978
2023	60,820	1,457	62,277	91,332	70,668	162,000	640,635	16,913	657,548
2024-2028	322,593	4,929	327,522	517,371	292,629	810,000	-	-	-
2029-2033	199,449	1,004	200,453	635,232	174,768	810,000	-	-	-
2034-2036	-	-	-	<u>442,652</u>	<u>37,358</u>	<u>480,010</u>	-	-	-
	<u>\$812,713</u>	<u>\$14,672</u>	<u>\$827,385</u>	<u>\$2,015,556</u>	<u>\$893,332</u>	<u>\$2,908,888</u>	<u>\$3,706,000</u>	<u>\$249,951</u>	<u>\$3,955,951</u>

Fiscal Year	DAS Payable			Golf Cart Payable		
	City General Fund and City MAPS Operations Fund			OCMFA Services		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$335,000	\$ -	\$335,000	\$258,817	\$9,896	\$268,713
2020	-	-	-	187,692	4,178	191,870
2021	-	-	-	36,130	2,053	38,183
2022	-	-	-	36,981	1,202	38,183
2023	-	-	-	<u>31,482</u>	<u>337</u>	<u>31,819</u>
	<u>\$335,000</u>	<u>\$ -</u>	<u>\$335,000</u>	<u>\$551,102</u>	<u>\$17,666</u>	<u>\$568,768</u>

VI. B. INTERFUND TRANSFERS AND PAYMENTS

Transfers Within the Golf Courses

Transfers within the golf courses include operating transfers for daily surcharges on golf rounds played. Additionally transfers include operating reserve, equipment fund and administrative charges from each course to the golf system for additional expenses, new equipment purchases and water expenses from the City.

2018							
Golf Courses Fund							
	Lake Hefner Golf Course	Lincoln Park Lincoln Park	Trosper Park Golf Course	Earlywine Park Golf Course	James E. Stewart Golf Course	Golf Course System	Total
Lake Hefner	\$ -	\$ -	\$ -	\$ -	\$ -	\$362,254	\$362,254
Lincoln	-	-	-	-	-	668,972	668,972
Trosper	-	-	-	-	-	14,086	14,086
Earlywine	-	-	-	-	-	273,799	273,799
Golf System	(362,254)	(668,972)	(14,086)	(273,799)	-	-	(1,319,111)
	<u>(\$362,254)</u>	<u>(\$668,972)</u>	<u>(\$14,086)</u>	<u>(\$273,799)</u>	<u>\$ -</u>	<u>\$1,319,111</u>	<u>\$ -</u>

2017							
Golf Courses Fund							
	Lake Hefner Golf Course	Lincoln Park Lincoln Park	Trosper Park Golf Course	Earlywine Park Golf Course	James E. Stewart Golf Course	Golf Course System	Total
Lake Hefner	\$ -	\$ -	\$ -	\$ -	\$ -	\$515,396	\$515,396
Lincoln	-	-	-	-	-	579,424	579,424
Trosper	-	-	-	-	-	(70,553)	(70,553)
Earlywine	-	-	-	-	-	272,317	272,317
Golf System	(515,396)	(579,424)	70,553	(272,317)	-	-	(1,296,584)
	<u>(\$515,396)</u>	<u>(\$579,424)</u>	<u>\$70,553</u>	<u>(\$272,317)</u>	<u>\$ -</u>	<u>\$1,296,584</u>	<u>\$ -</u>

Payments To/From the City

2018					
		<i>Governmental Activities</i>		<i>Business-type Activities</i>	
		General	Golf Courses	Fairgrounds	
Purpose	Purpose	Fund	Fund	Fund	Total
<u>PAYMENT FROM</u>					
City General Fund	Operating subsidies	\$7,925,072	\$1,222,275	\$ -	\$1,222,275
	Capital subsidy	302,000	-	-	-
City Hotel/Motel Tax Fund	Fairgrounds debt service	-	-	8,339,218	8,339,218
		<u>\$8,227,072</u>	<u>\$1,222,275</u>	<u>\$8,339,218</u>	<u>\$9,561,493</u>
<u>PAYMENTS TO</u>					
City Capital Improvement Fund	Capital projects	\$112,085	\$ -	\$ -	\$ -
City General Fund	OK Tower Lease	12,675	-	-	-
	Operating subsidies	6,000	-	-	-
		<u>\$130,760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Payments To/From the City (continued)

		2017			
		<i>Governmental Activities</i>	<i>Business-type Activities</i>		
		General	Golf Courses	Fairgrounds	Total
Purpose	Purpose Fund	Purpose Fund	Fund	Fund	Total
<u>PAYMENT FROM</u>					
City General Fund	Operating subsidies	\$8,142,381	\$1,327,002	\$ -	\$1,327,002
City Special Districts Fund	Cost reimbursement	202,669	-	-	-
City Capital Improvement Fund	Capital subsidy	600,000	63,735	-	63,735
City Hotel/Motel Tax Fund	Fairgrounds debt service	-	-	7,524,734	7,524,734
		<u>\$8,945,050</u>	<u>\$1,390,737</u>	<u>\$7,524,734</u>	<u>\$8,915,471</u>
<u>PAYMENTS TO</u>					
City Grants Management Fund	Grant matching funds	\$ -	\$1,389	\$ -	\$1,389
City Capital Improvement Fund	Return of excess subsidy	\$58,285	-	-	-
City Sports Facilities Tax Fund	Return of excess subsidy	6	-	-	-
		<u>\$58,291</u>	<u>\$1,389</u>	<u>\$ -</u>	<u>\$1,389</u>

Dependency on the City

For the year ended June 30, 2018, governmental activities include operating subsidies for SMG management operations, utilities, and facility maintenance in the amount of \$7,925,072 and an additional amount of \$302,000 has been provided as a capital subsidy for the Centennial Land Run Monument from the City's General Fund. For the year ended June 30, 2017, governmental activities included operating subsidies for SMG management operations, utilities, and facility maintenance in the amount of \$8,142,381, facility and grounds maintenance for Downtown OKC in the amount of \$202,669, and facility maintenance for the Civic Center in the amount of \$600,000 from the City Capital Improvement Fund.

Business-type activities include a subsidy from the City for the cost of water and wastewater services to the Golf Courses Fund. For the fiscal years ended June 30, 2018 and 2017, the City General Fund provided \$875,717 and \$980,731, respectively, to cover these costs. James E. Stewart Golf Course received a subsidy from the City General Fund in the amount of \$346,558 and \$346,271, respectively, for operating expenses. In addition, the City Hotel/Motel Tax Fund provides funds for debt service on the fairgrounds bonds.

VI. C. OTHER INTERFUND TRANSACTIONS

Administrative Charges

On August 26, 2003, the Authority increased green fees of \$0.25 to \$0.50 and annual green fees \$25.00 to \$62.50. This fee will reimburse a portion of funds necessary to finance various City administrative costs and water payments associated with the operation of the golf courses. On May 31, 2016, the Authority approved the extension of the fee through June 30, 2017. On February 13, 2018, the Authority approved the extension of the fee through June 30, 2018. The revenue generated from the fee extensions will be deposited into each golf course operations account and paid to the City's General Fund. As of June 30, 2018 and 2017 the charges are as follows: Lake Hefner Golf Course \$23,509; Lincoln Park Golf Course \$26,574; Trosper Park Golf Course \$6,563; and Earlywine Park Golf Course \$16,196, and Lake Hefner Golf Course \$23,939; Lincoln Park Golf Course \$25,799; Trosper Park Golf Course \$6,724; and Earlywine Park Golf Course \$16,447, respectively. These charges are reported with personal services.

In 2012 the Authority hired a Trust Specialist to manage the overall operations of the golf courses. The Trust Specialist is an employee of the City. The golf courses reimburse the City for the Trust Specialist's salary. As of June 30, 2018 and 2017 the reimbursements to the City are as follows:

	<u>2018</u>	<u>2017</u>
Lake Hefner	\$21,903	\$26,927
Lincoln	21,903	26,927
Trosper	9,819	13,464
Earlywine	<u>21,903</u>	<u>26,927</u>
	<u>\$75,528</u>	<u>\$94,245</u>

VII. PENSION PLANS

VII. A. DEFINED BENEFIT PENSION PLAN - OCERS

VII. A. 1. PLAN DESCRIPTION

The OCERS provides retirement benefits for substantially all full-time employees of the Authority.

OCERS is the administrator of a single employer defined benefit local government retirement plan for the City of Oklahoma City. Plan amendments and benefit provisions are established and amended by City Council action. Unless otherwise indicated, the information in this note is provided as of the latest actuarial valuation, December 31, 2016 and 2015, respectively, rolled forward to June 30, 2017 and 2016, respectively. Actuarial valuations are performed annually.

The required supplementary information schedules of funding progress immediately following the notes to the financial statements presents certain ten-year trend information for as many available years in accordance with the requirements of GASB 68. Detailed information about OCERS Retirement Plans' fiduciary net position is available in the separately issued OCERS report. A copy of the actuarial report referred to in this note may be obtained from the City Finance Department, Accounting Services Division, 100 N. Walker, Suite 300, Oklahoma City, Oklahoma 73102.

Funding Policies, Contribution Methods and Benefit Provisions

	2018	2017
Year established and governing authority	1958; City Council Ordinance	1958; City Council Ordinance
Determination of contribution requirements	Actuarially determined	Actuarially determined
Contribution rates:		
Employer	5.33% of covered payroll	5.88% of covered payroll
Plan members	6.00% of covered payroll	6.00% of covered payroll
Funding of administrative costs	Investment Earnings	Investment earnings
Period required to vest	5 years	5 years
Post-retirement benefit increases	Cost of living adjustments are compounded annually; increases must be approved by the OCERS Board	Cost of living adjustments are compounded annually; increases must be approved by the OCERS Board
Eligibility for distribution	30 years credited service regardless of age, or age 60 with 20 years (Pre 3/67 hires), or 25 years of credited service regardless of age, or age 65 with 5 years (Post 3/67 hires), or age 55 with 5 years on a reduced basis, or 5 years of service, with benefits.	30 years credited service regardless of age, or age 60 with 20 years (Pre 3/67 hires), or 25 years of credited service regardless of age, or age 65 with 5 years (Post 3/67 hires), or age 55 with 5 years on a reduced basis, or 5 years of service, with benefits.

Funding Policy

Contribution requirements are actuarially determined and established by City Council ordinance. Beginning July 1, 2017, the employer contribution rate changed from 5.88% of covered payroll to 5.33% of covered payroll. Beginning July 1, 2016, the employer contribution rate changed from 6.44% of covered payroll to 5.88% of covered payroll. The employee contributes 6.00% of covered payroll. Administrative costs are funded with investment earnings.

Benefit Provisions

Benefit provisions include both duty and non-duty disability retirement and death benefits. Average final compensation (AFC) determines the retirement benefit and is calculated as the highest 36 months of earned employee compensation (excluding compensation for unused vacation and sick leave and amounts elected to be deferred under Section 125 of the Internal Revenue Code) during the last 60 months of service. Generally, the normal retirement benefit is 2% of AFC for each full year of service, plus 1/12 of 2% for each whole month of a partial year of service to a maximum of 100% of AFC. There are modifications to the normal retirement benefit for early and deferred retirement, duty and non-duty disability, and death benefits.

Post-Retirement Adjustments

Pension benefit may be adjusted annually for changes in the Consumer Price Index. The maximum adjustment is 2% compounded annually.

Membership (1)

	<u>2018</u>	<u>2017</u>
Active employees	2,506	2,586
Retirees and beneficiaries currently receiving benefits	1,491	1,422
Terminated plan members entitled to but not yet receiving benefits	<u>108</u>	<u>89</u>
	<u>4,105</u>	<u>4,097</u>

(1) The number of members are reported as of the actuarial statement valuation dates of December 31, 2016 and 2015, respectively.

Actuarial Assumptions

	<u>2018</u>	<u>2017</u>
Valuation date	12/31/16	12/31/15
Provisions for:		
Disability benefits	Yes	Yes
Death benefits	Yes	Yes
Actuarial cost method	Individual entry age normal	Individual entry age
Amortization method	Level % of payroll	Level % of payroll
Amortization period	27 years, closed	27 years, closed
Actuarial asset valuation method	4-year smoothed market	4-year smoothed market
Actuarial Assumptions		
Investment rate of return	7.4%	7.5%
Projected salary increases	3.75% to 7.25%	3.75% to 7.25%
Post-retirement benefit increases (maximum)	2.0%	2.0%
Inflation	2.50%	2.80%
Mortality table	RP 2000 mortality table projected to 2010	RP 2000 mortality table projected to 2010
Experience study	Actuarial assumptions were based upon results of an experience study covering the period January 1, 2008, through December 31, 2012.	Actuarial assumptions were based upon results of an experience study covering the period January 1, 2008, through December 31, 2012.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by OCERS and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between OCERS and Plan members to that point. Actuarial calculations reflect a long-term perspective. The actuarial methods and assumptions use techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

Concentrations

The Plan held no individual investments (other than U.S. government and U.S. government guaranteed obligations) whose market value exceeds 5% or more of net assets available for benefits. There are no long-term contracts for contributions.

VII. A. 2. NET PENSION ASSET (LIABILITY)

Authority Share

The Authority's share of net pension asset (liability) is allocated using the Authority's share of employer contributions for the payroll ending June 30, 2018 and 2017. The Authority share is 1.74% for both June 30, 2018 and 2017.

	2018		2017	
	Authority Share	Total	Authority Share	Total
Total pension asset (liability)	(\$11,781,795)	(\$677,114,634)	(\$11,315,157)	(\$650,296,394)
Fiduciary net position	12,217,117	702,133,165	11,294,744	649,123,256
Net pension (asset) liability	<u>\$435,322</u>	<u>\$25,018,531</u>	<u>(\$20,413)</u>	<u>(\$1,173,138)</u>
Plan fiduciary net position as a percentage of the total pension liability	103.69%	103.69%	99.82%	99.82%

	2018					
	Total Pension Asset (Liability)		Plan Fiduciary Net Position		Net Pension Asset (Liability)	
	OCERS	Authority Share	OCERS	Authority Share	OCERS	Authority Share
Beginning balance	\$650,296,394	\$11,315,157	\$649,123,256	\$11,294,745	(\$1,173,138)	\$(20,412)
Service cost	16,630,642	289,373	-	-	(16,630,642)	(289,373)
Interest	47,499,801	826,497	-	-	(47,499,801)	(826,497)
Differences between expected and actual experience	(3,867,184)	(67,289)	-	-	3,867,184	67,289
Contributions - employer	-	-	6,871,464	119,563	6,871,464	119,563
Contributions - employee	-	-	7,732,269	134,541	7,732,269	134,541
Net investment income	-	-	72,212,736	1,256,502	72,212,736	1,256,502
Differences between benefit payments and refunds	(33,445,019)	(581,943)	(33,445,019)	(581,943)	-	-
Administrative expense	-	-	(458,522)	(7,978)	(458,522)	(7,978)
Other changes	-	-	96,981	1,687	96,981	1,687
	<u>\$677,114,634</u>	<u>\$11,781,795</u>	<u>\$702,133,165</u>	<u>\$12,217,117</u>	<u>\$25,018,531</u>	<u>\$435,322</u>

	2017					
	Total Pension Asset (Liability)		Plan Fiduciary Net Position		Net Pension Asset (Liability)	
	OCERS	Authority Share	OCERS	Authority Share	OCERS	Authority Share
Beginning balance	\$(623,305,898)	\$(10,845,523)	\$670,163,985	\$11,660,853	\$46,858,087	\$815,330
Service cost	(16,478,008)	(286,717)	-	-	(16,478,008)	(286,717)
Interest	(46,209,223)	(804,040)	-	-	(46,209,223)	(804,040)
Differences between expected and actual experience	12,124,853	210,972	-	-	12,124,853	210,972
Changes of assumptions	(7,271,967)	(126,532)	-	-	(7,271,967)	(126,532)
Contributions - employer	-	-	7,411,117	128,953	7,411,117	128,953
Contributions - employee	-	-	7,562,162	131,582	7,562,162	131,582
Net investment income	-	-	(4,840,456)	(84,224)	(4,840,456)	(84,224)
Differences between benefit payments and refunds	30,843,849	536,683	(30,843,849)	(536,683)	-	-
Administrative expense	-	-	(397,732)	(6,921)	(397,732)	(6,921)
Other changes	-	-	68,029	1,184	68,029	1,184
	<u>\$(650,296,394)</u>	<u>\$(11,315,157)</u>	<u>\$649,123,256</u>	<u>\$11,294,744</u>	<u>(\$1,173,138)</u>	<u>(\$20,413)</u>

VII. A. 3. RATE OF RETURN AND DISCOUNT RATE

Rate of Return

For the years ended June 30, 2018 and 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 11.50% and -.80% for OCERS, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Long-term Expected Rate of Return and Target Allocation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation.

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY

	Long-term Expected			Target	
	<u>Rate of Return</u>			<u>Allocation</u>	
	<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>
Core Bonds	2.77%	2.80%	Domestic	50.00%	50.00%
Core Plus	3.04	3.07	International	10.00	10.00
Global Bonds	2.55	2.69	Fixed income	25.00	25.00
Absolute Return	4.20	4.42	Real estate	15.00	15.00
U.S. Large Cap Equity	7.48	7.55			
U.S. Small Cap Equity	8.71	8.76			
International Developed Equity	8.45	8.51			
Emerging Market Equity	9.72	9.78			
Long/Short Equity	7.23	7.46			
Private Equity	10.20	10.49			
Core Real Estate	5.88	5.77			
Opportunistic Real Estate	9.02	9.11			
Commodities	2.10	3.96			

Discount Rate

A single discount rate of 7.4% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.4%. The projections of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contributions rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

	2018				
	<u>Total Pension Asset (Liability)</u>			<u>Net Pension Asset (Liability)</u>	
	<u>Rate</u>	<u>OCERS</u>	Authority <u>Share</u>	<u>OCERS</u>	Authority <u>Share</u>
1% decrease	6.40%	(\$759,407,117)	(\$13,213,684)	(\$57,273,952)	(\$996,567)
Current single discount rate	7.40	(677,114,634)	(11,781,795)	25,018,531	435,322
1% increase	8.40	(607,668,423)	(10,573,431)	94,464,742	1,643,687

	2017				
	<u>Total Pension Asset (Liability)</u>			<u>Net Pension Asset (Liability)</u>	
	<u>Rate</u>	<u>OCERS</u>	Authority <u>Share</u>	<u>OCERS</u>	Authority <u>Share</u>
1% decrease	6.40%	(\$730,425,239)	(\$12,709,399)	(\$81,301,983)	(\$1,414,655)
Current single discount rate	7.40	(650,296,394)	(11,315,157)	(1,173,138)	(20,413)
1% increase	8.40	(582,744,406)	(10,139,753)	66,378,850	1,154,992

VII. B. DEFINED CONTRIBUTION PLANS

The Authority participates in two defined contribution plans administered by the International City Manager's Association Retirement Corporation. Plan provisions and contribution requirements are established or amended by City Council resolution. The plans are money purchase plans qualified under section 401 of the Internal Revenue Code.

Participants of the first plan are comprised of eligible employees hired before September 1, 2001. The City and participants are required to contribute 8.35% and 6.0% of annual covered payroll, respectively. Participants of the first plan vest at service inception and are entitled to 100% of vested contributions

Participants of the second plan are comprised of eligible employees hired after September 1, 2001. The City and participants are required to contribute 7.0% and 6.0% of annual covered payroll, respectively. Participants of the second plan vest after 5 years of service.

The two plans include 97 participants comprised of City Council appointees and management personnel. The Authority currently has no participants in the plan.

VIII. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Implementation of New Accounting Standards

Effective July 1, 2017, the Authority implemented Governmental Accounting Standards Board (GASB) statement number 75, Accounting and Financial Reporting for post employment benefit plans other than pension plans. This statement replaces GASB statements 45 as amended and 57. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. It also includes note disclosures and required supplementary information requirements.

VIII. A. PLAN DESCRIPTION

The Authority provides post-employment healthcare benefits for retired employees and their dependents through the City of Oklahoma City Post-retirement Medical Plan (the Plan), a single-employer defined benefit healthcare plan administered by the OCPEBT. The benefits, coverage levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The Plan issues a separate report that can be obtained from Human Resources at 420 W. Main, Suite 110, Oklahoma City, OK 73102.

Funding Policies, Contribution Methods and Benefit Provisions

	<u>2018</u>
Year established and governing authority	2008; City Council Ordinance
Determination of contribution requirements	City Policy
Contribution rates:	
Employer	54% of premium
Plan members	46% of premium
Funding of administrative costs	Investment earnings
Period required to vest	5 years
Eligibility for distribution	<p>General employees are eligible for membership in the Plan if they retire from the City on or after age 60 with 15 years of service or at any age with 25 years of service. If hired before January 1, 2017 and employee attains the age of 55 with a minimum of five (5) years of service on or before December 31, 2016 will be grandfathered in. General employees hired after January 1, 2017 are not eligible for cost sharing. Participation may only be elected at the time of retirement.</p>

Funding Policy

Contribution requirements are actuarially determined and established by City Council ordinance. Beginning January 1, 2018, the employer contribution rate changed from 56% of premium to 54% of premium. Beginning January 1, 2017, the employer contribution rate changed from 58% of premium to 56% of premium. The employee contributes the balance of the premium. Administrative costs are funded with investment earnings.

Benefit Provisions

The City provides medical benefits either through a fully insured health plan or through a self-insured Group Indemnity Plan. Benefits include general inpatient and outpatient medical services and prescription drug coverage. Additional benefits for dental, life and vision are available with no subsidy from the City. Coverage for dependents can continue upon the death of the retiree. Spouses and eligible dependents of employees who die in active service while eligible for benefits can receive coverage.

Membership (1)

	<u>2018</u>
Active members	3,479
Retirees and beneficiaries currently receiving benefits	<u>2,173</u>
	<u>5,652</u>

(1) The number of members are reported as of the actuarial start valuation date of June 30, 2017 and 2016.

Annual Required Contributions - Actuarial Assumptions

	<u>2018</u>
Provisions for:	City OPEB
Disability benefits	Yes
Death benefits	Yes
Valuation date	6/30/17
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	30 years, closed
Actuarial asset valuation method	4-year smoothed market
Actuarial Assumptions	
Investment rate of return	7.5%
Inflation rate	3.75%
Projected salary increases	3.75%
Health care trend rate	8.5% (6.00% for Medicare Age)
Ultimate rate	4.50%
Mortality table	RP 2000 combined mortality table fully generational using scale AA

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by OCPEBT and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between OCPEBT and Plan members to that point. Actuarial calculations reflect a long-term perspective. The actuarial methods and assumptions used techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

VIII. B. NET OPEB LIABILITY

Authority Share

The Authority's share of net OPEB liability is allocated using the Authority's share of employees for the payroll ending June 30, 2017. The Authority share is 1.53%.

	<u>2018</u>	
	Authority Share	Total
Total OPEB liability	<u>\$8,731,576</u>	<u>\$570,691,262</u>
Fiduciary net position	<u>746,080</u>	<u>48,763,398</u>
Net OPEB liability	<u>\$7,985,496</u>	<u>\$521,927,864</u>
Plan fiduciary net position as a percentage of the total OPEB liability	8.54%	8.54%

	2018					
	Total OPEB Liability		Plan Fiduciary Net Position		Net OPEB Liability	
	OPEBT	Authority Share	OPEBT	Authority Share	OPEBT	Authority Share
Beginning balance	\$596,737,157	\$9,130,079	\$42,233,216	\$646,168	\$554,503,941	\$8,483,911
Service cost	24,740,136	378,524	-	-	24,740,136	378,524
Interest	18,750,099	286,877	-	-	18,750,099	286,877
Changes of benefits terms	(11,788,937)	(180,371)	-	-	(11,788,937)	(180,371)
Differences between expected and actual experience	4,301,652	65,815	-	-	4,301,652	65,815
Changes of assumptions	(47,713,842)	(730,022)	-	-	(47,713,842)	(730,022)
Contributions - employer	-	-	15,817,181	242,003	(15,817,181)	(242,003)
Net investment income	-	-	5,117,072	78,291	(5,117,072)	(78,291)
Benefit payments including refunds of employee contributions	(14,335,003)	(219,326)	(14,335,003)	(219,326)	-	-
Administrative expense	-	-	(69,068)	(1,056)	69,068	1,056
	<u>\$570,691,262</u>	<u>\$8,731,576</u>	<u>\$48,763,398</u>	<u>\$746,080</u>	<u>\$521,927,864</u>	<u>\$7,985,496</u>

VIII. C. RATE OF RETURN AND DISCOUNT RATE

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense was 11.43%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Long-term Expected Rate of Return and Target Allocation

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation.

	Long-term Expected Rate of Return <u>2018</u>
Domestic Equity	7.50%
Domestic Bonds	2.50
International Equity	8.50
International Bonds	3.50
Real Estate	4.50

Discount Rate

The discount rate used to measure the total OPEB liability was 3.75%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the net position is exhausted are discounted at the 20-year municipal bond rate. Therefore, the long-term expected rate of return on OPEB investments (7.50%) was applied to years 2019 through 2027 of projected benefit payments and the 20-year municipal bond rate based on a range of indices from 3.13%-3.56% was applied to projected benefit payments after 2027 to determine the total OPEB liability. The discount rate increased from 3.13% on June 30, 2016 to 3.75% on June 30, 2017.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

	2018				
	Rate	Total OPEB Liability		Net OPEB Liability	
		Total Plan	Authority Share	OPEB	Authority Share
1% decrease	2.75%	\$670,288,235	\$10,255,440	\$621,524,837	\$9,509,330
Current single discount rate	3.75	570,691,262	8,731,576	521,927,864	7,985,496
1% increase	4.75	491,811,356	7,524,713	443,047,958	6,778,634

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trends

	2018				
	Beginning Rate	Total OPEB Liability		Net OPEB Liability	
		Total Plan	Authority Share	OPEB	Authority Share
1% decrease	7.50%	\$503,551,114	\$7,400,776	\$434,947,466	\$6,654,696
Current single discount rate	8.50	570,691,262	8,731,576	521,927,864	7,985,496
1% increase	9.50	637,831,410	10,449,547	634,213,523	9,703,467

The required supplementary information schedule of changes in the net OPEB liability (asset) and related ratios and the schedule of authority's share of employer contributions immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. OCPEBT financial statements including the actuarial report referred to in this note may be obtained from Finance Department, Accounting Services Division, 100 N. Walker, Suite 300, Oklahoma City, OK 73102.

IX. COMMITMENTS

Construction projects are substantially funded with revenue bonds. Active construction in progress remaining commitments at June 30, 2018 and 2017, are composed of improvements in government activities totaling \$1,113,726 and \$29,346, and fairgrounds improvements of \$1,096,342 and \$3,185,079, respectively.

An agreement has been entered into between the Authority, the National Collegiate Athletic Association (NCAA) the Oklahoma City All Sports Association (OCASA) and the City, whereby the Authority has committed to fund various improvements to the Softball Hall of Fame Complex, in return for the NCAA's commitment to hold, sponsor, and play the NCAA Division I Women's Collegiate Softball World Series in Oklahoma City through 2035. The funding commitment and NCAA commitment is based upon the completion of various phases of the anticipated overall project. The aggregate funding commitment from the Authority is approximately \$33.5 million dollars. Of this amount, \$24.5 million is expected to be funded by City general obligation bond proceeds, \$6 million is expected to be funded with donations and sponsorships and \$3 million is expected to be funded by naming rights. The Authority has assigned the obligations to be funded by City general obligation bond proceeds, donations, and sponsorships to the City.

As of June 30, 2018 and 2017, the remaining commitment under the agreement is approximately \$23,014,729 including \$20,101,491 assigned to the City and \$14,531,220 including \$11,615,262 assigned to the City, respectively.

X. CONTINGENCIES

The Authority is party to various legal proceedings which normally occur in operations. Any liabilities resulting from these legal proceedings are not likely to have a material adverse impact on the Authority.

XI. SUBSEQUENT EVENTS

On August 28, 2018, the Authority authorized the issuance of Hotel Tax Refunding Bonds, Series 2018 (the Bonds) in the aggregate principal amount not to exceed \$17,500,000 to refund all or a portion of the Series 2007A Bonds. In conjunction with the the Bonds issue, the City of Oklahoma City and the Authority ratified the terms of the Lease Agreement dated November 1, 1961 to cover the term of the the Bonds.

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Required Supplementary Information

**REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION**

**OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY**

I. SCHEDULE OF AUTHORITY'S SHARE OF NET PENSION LIABILITY (ASSET) (1)(2)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority Share	1.74%	1.74%	1.77%	1.64%
Authority share of the net pension liability (asset)	(\$435,322)	\$20,413	(\$829,389)	(\$1,007,164)
Other funds of the City share of the net pension liability (asset)	<u>(24,583,209)</u>	<u>1,152,725</u>	<u>(46,028,698)</u>	<u>(60,405,333)</u>
Total net pension liability (asset)	<u>(\$25,018,531)</u>	<u>\$1,173,138</u>	<u>(\$46,858,087)</u>	<u>(\$61,412,497)</u>
Covered - employee payroll	\$114,233,221	\$126,036,039	\$127,805,936	\$124,957,446
Authority share of covered employee payroll	1,987,658	2,193,027	2,262,165	2,049,302
Net pension liability (asset) as a percentage of covered - employee payroll	(21.90%)	0.93%	(36.66%)	(49.15%)
Plan fiduciary net position as a percentage of total pension liability	103.69%	99.82%	107.52%	110.29%

- (1) Amounts presented above represent the Authority's proportionate share presented in Note VII. A. DEFINED BENEFIT PENSION PLAN - OCERS
- (2) This schedule is presented to illustrate the requirement to show information for 10 years. However, results for measurement years before June 30, 2014, are not available. This information will be developed prospectively beginning in 2014 until eventually 10 years of information is available.

II. SCHEDULE OF AUTHORITY'S SHARE OF EMPLOYER CONTRIBUTIONS (1)(2)

<u>June 30,</u>	Contractually Required Contribution <u>(CRC) (3)</u>	Contributions in Relation to <u>CRC</u>	Contributions Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Actual Contribution As a Percentage of Covered <u>Payroll</u>
2018 (4)	\$122,786	\$122,786	\$ -	\$2,046,433	6.00%
2017	105,942	119,563	(13,621)	1,986,096	6.02
2016	128,950	128,953	(3)	2,193,078	5.88
2015	145,683	145,265	418	2,262,695	6.42
2014	146,525	145,496	1,029	2,049,239	7.10

- (1) The amounts reported represent amounts paid and covered payroll for the fiscal year indicated.
- (2) This schedule is presented to illustrate the requirement to show information for 10 years. However, Authority share for fiscal years before June 30, 2014, is not available. This information will be developed prospectively until eventually 10 years of information is available. Total plan information is provided below.

<u>June 30,</u>	Covered <u>Payroll</u>	Employer <u>Contributions</u>
2013	109,293,000	9,614,625
2012	102,915,000	7,132,772
2011	110,408,000	5,585,595
2010	105,566,000	5,464,178
2009	99,574,000	7,211,608

- (3) Contributions are deferred in the fiscal year reported and recognized in the financial statements in the subsequent year.
- (4) The contractually required contribution for 2018 is estimated and may change upon receipt of the actuarial report.

III. NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

See Note VII. PENSION PLANS for actuarial assumptions and other information used to determine the annual required contributions.

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS**

**OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY**

I. SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS (1)(2)

	<u>2018</u>
Authority Share	1.53%
Authority share of the net OPEB liability (asset)	\$7,985,496
Other funds of the City share of the net OPEB liability (asset)	<u>513,942,368</u>
Total net OPEB liability (asset)	<u>\$521,927,864</u>
Covered - employee payroll	224,808,000
Authority share of covered employee payroll	3,439,562
Net OPEB liability (asset) as a percentage of covered - employee payroll	43.07%
Plan fiduciary net position as a percentage of total OPEB liability	8.5%

- (1) Amounts presented above represent the Authority's proportionate share presented in Note VIII. OTHER POST-EMPLOYMENT BENEFITS (OPEB).
- (2) This schedule is presented to illustrate the requirement to show information for 10 years. However, results for measurement years before June 30, 2018, are not available. This information will be developed prospectively beginning in 2018 until eventually 10 years of information is available.

II. SCHEDULE OF AUTHORITY'S SHARE OF EMPLOYER CONTRIBUTIONS (1)(2)

<u>June 30,</u>	Contractually Required Contribution (CRC) (3)	Contributions in Relation to CRC	Contributions Deficiency (Excess)	Covered Payroll	Actual Contribution As a Percentage of Covered Payroll
2018	\$385,008	\$222,811	\$162,197	\$3,411,557	6.53%

- (1) The amounts reported represent amounts paid and covered payroll for the fiscal year indicated.
- (2) This schedule is presented to illustrate the requirement to show information for 10 years. However, Authority share for fiscal years before June 30, 2018, is not available. This information will be developed prospectively until eventually 10 years of information is available. Total plan information is provided below.
- (3) Contributions are deferred in the fiscal year reported and recognized in the financial statements in the subsequent year.

<u>June 30,</u>	Covered Payroll	Employer Contributions
2017	224,808,000	15,817,181
2016	219,484,135	17,811,341
2015	213,091,393	18,815,545
2014	203,859,835	19,619,034
2013	197,922,710	19,904,516
2012	180,551,843	20,064,984
2011	175,293,051	18,746,938
2010	176,563,546	19,424,748
2009	171,420,918	18,688,224

III. NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

See Note VIII. OTHER POST-EMPLOYMENT BENEFITS (OPEB) for actuarial assumptions and other information used to determine the annual required contributions.

Combining Financial Statements

Golf Courses Fund

- * ***Lake Hefner Golf Course*** –Used to account for the operations of the Lake Hefner Golf Course.
- * ***Lincoln Park Golf Course*** –Used to account for the operations of the Lincoln Park Golf Course.
- * ***Trosper Park Golf Course*** –Used to account for the operations of the Trosper Park Golf Course.
- * ***Earlywine Park Golf Course*** –Used to account for the operations of the Earlywine Park Golf Course.
- * ***James E. Stewart Golf Course*** –Used to account for the operations of the James E. Stewart Golf
- * ***Golf Course System*** –Used to account for the collective capital investments and operational costs paid from surcharges on green fees and other transfers from the individual golf courses.

**COMBINING STATEMENT OF NET POSITION
GOLF COURSES FUND
June 30, 2018**

**OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY**

	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	James E. Stewart Golf Course	Golf Course System	Total Golf Fund
ASSETS							
CURRENT ASSETS							
Pooled cash-----	\$ -	\$ -	\$ -	\$ -	\$ -	\$5,286	\$5,286
Non-pooled cash-----	524,464	360,363	131,074	218,626	55,559	-	1,290,086
Investments-----	-	-	-	-	-	1,991,125	1,991,125
Accounts receivable, net-----	-	392	-	101	-	-	493
Interest, dividends, and royalties receivable-----	-	-	-	-	-	3,983	3,983
Due within golf courses-----	(38,970)	(53,227)	(13,550)	(29,368)	(387)	135,502	-
Inventories-----	120,151	66,353	27,793	95,973	22,215	-	332,485
Prepays-----	(1)	2,310	143	1,649	-	-	4,101
Total current assets-----	605,644	376,191	145,460	286,981	77,387	2,135,896	3,627,559
NON-CURRENT ASSETS							
Investments-----	-	-	-	-	-	455,710	455,710
Prepays, non-current-----	-	2,722	265	1,799	-	-	4,786
Net pension asset-----	150,111	117,587	25,019	95,070	47,535	-	435,322
Capital assets:							
Land and construction in progress-----	-	-	-	-	-	165	165
Other capital assets, net of accumulated depreciation--	531,660	2,014,233	620,672	720,028	270,336	6,647,020	10,803,949
Capital assets, net-----	531,660	2,014,233	620,672	720,028	270,336	6,647,185	10,804,114
Total non-current assets-----	681,771	2,134,542	645,956	816,897	317,871	7,102,895	11,699,932
Total assets-----	1,287,415	2,510,733	791,416	1,103,878	395,258	9,238,791	15,327,491
DEFERRED OUTFLOWS OF RESOURCES-----	244,315	192,676	44,420	141,410	79,033	957	702,811
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable and accrued expenses-----	113,356	78,281	19,523	44,251	26,870	95,227	377,508
Wages and benefits payable-----	71,294	64,122	13,996	48,664	24,914	-	222,990
Payable to the City of Oklahoma City-----	122,077	171,532	49,630	18,825	22,236	(79,877)	304,423
Compensated absences-----	18,557	7,977	4,191	10,731	4,200	-	45,656
Bond interest payable-----	-	-	-	-	-	92,553	92,553
Bonds payable-----	-	-	-	-	-	845,000	845,000
Total current liabilities-----	325,284	321,912	87,340	122,471	78,220	952,903	1,888,130
NON-CURRENT LIABILITIES							
Compensated absences-----	30,076	49,022	5,824	20,894	7,733	-	113,549
Payable to the City of Oklahoma City-----	64,767	87,625	139,893	-	-	-	292,285
Bonds payable, net-----	-	-	-	-	-	10,352,004	10,352,004
Net other post-employment benefit liability-----	2,818,410	2,244,290	574,120	1,409,206	939,470	-	7,985,496
Total non-current liabilities-----	2,913,253	2,380,937	719,837	1,430,100	947,203	10,352,004	18,743,334
Total liabilities-----	3,238,537	2,702,849	807,177	1,552,571	1,025,423	11,304,907	20,631,464
DEFERRED INFLOWS OF RESOURCES-----	342,890	271,765	66,199	184,580	112,654	-	978,088
NET POSITION (DEFICIT)							
Net investment in capital assets-----	531,657	2,014,230	620,672	720,031	257,836	(3,667,341)	477,085
Restricted for:							
Capital projects-----	-	-	-	-	-	1,115	1,115
Debt service-----	-	-	-	-	-	641,901	641,901
Unrestricted-----	(2,581,354)	(2,285,435)	(658,212)	(1,211,894)	(921,622)	959,166	(6,699,351)
Total net position (deficit)-----	(\$2,049,697)	(\$271,205)	(\$37,540)	(\$491,863)	(\$663,786)	(\$2,065,159)	(\$5,579,250)

**COMBINING STATEMENT OF NET POSITION
GOLF COURSES FUND
June 30, 2017**

**OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY**

	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	James E. Stewart Golf Course	Golf Course System	Total Golf Fund
ASSETS							
CURRENT ASSETS							
Pooled cash-----	\$ -	\$ -	\$ -	\$ -	\$ -	\$274,998	\$274,998
Non-pooled cash-----	379,078	340,720	82,435	229,514	49,158	-	1,080,905
Investments-----	-	-	-	-	-	1,677,486	1,677,486
Accounts receivable, net-----	-	-	-	-	5,494	-	5,494
Interest, dividends, and royalties receivable-----	-	-	-	-	-	2,095	2,095
Due within golf courses-----	(36,033)	(40,160)	(14,005)	(30,070)	3,774	116,494	-
Inventories-----	120,605	63,076	30,441	101,945	21,534	-	337,601
Prepays-----	850	2,207	1,819	1,675	1,675	-	8,226
Total current assets-----	464,500	365,843	100,690	303,064	81,635	2,071,073	3,386,805
NON-CURRENT ASSETS							
Investments-----	-	-	-	-	-	455,710	455,710
Prepays, non-current-----	-	-	415	-	-	-	415
Capital assets:							
Land and construction in progress-----	-	-	-	-	-	165	165
Other capital assets, net of accumulated depreciation---	649,784	2,296,049	545,782	837,833	327,985	6,787,640	11,445,073
Capital assets, net-----	649,784	2,296,049	545,782	837,833	327,985	6,787,805	11,445,238
Total non-current assets-----	649,784	2,296,049	546,197	837,833	327,985	7,243,515	11,901,363
Total assets-----	1,114,284	2,661,892	646,887	1,140,897	409,620	9,314,588	15,288,168
DEFERRED OUTFLOWS OF RESOURCES-----	300,489	235,383	50,081	190,309	95,155	1,140	872,557
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable and accrued expenses-----	77,602	71,376	21,442	39,295	30,807	70,017	310,539
Wages and benefits payable-----	70,750	63,181	14,959	49,784	21,352	-	220,026
Payable to the City of Oklahoma City-----	145,427	199,254	16,439	31,551	23,313	(55,936)	360,048
Compensated absences-----	21,765	21,511	5,803	21,757	3,817	-	74,653
Bond interest payable-----	-	-	-	-	-	98,964	98,964
Bonds payable-----	-	-	-	-	-	825,000	825,000
Total current liabilities-----	315,544	355,322	58,643	142,387	79,289	938,045	1,889,230
NON-CURRENT LIABILITIES							
Compensated absences-----	49,656	33,680	9,357	23,636	6,192	-	122,521
Payable to the City of Oklahoma City-----	160,110	216,613	-	-	-	-	376,723
Bonds payable, net-----	-	-	-	-	-	11,199,501	11,199,501
Net pension liability-----	7,039	5,514	1,173	4,458	2,229	-	20,413
Net other post-employment benefit obligation-----	1,538,930	1,292,701	430,900	738,686	492,458	-	4,493,675
Total non-current liabilities-----	1,755,735	1,548,508	441,430	766,780	500,879	11,199,501	16,212,833
Total liabilities-----	2,071,279	1,903,830	500,073	909,167	580,168	12,137,546	18,102,063
DEFERRED INFLOWS OF RESOURCES-----	97,465	76,347	16,244	61,728	30,864	-	282,648
NET POSITION (DEFICIT)							
Net investment in capital assets-----	649,783	2,296,046	545,781	837,834	318,484	(4,344,676)	303,252
Restricted for:							
Capital projects-----	-	-	-	-	-	993	993
Debt service-----	-	-	-	-	-	621,227	621,227
Unrestricted-----	(1,403,754)	(1,378,948)	(365,130)	(477,523)	(424,741)	900,638	(3,149,458)
Total net position (deficit)-----	(\$753,971)	\$917,098	\$180,651	\$360,311	(\$106,257)	(\$2,821,818)	(\$2,223,986)

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
GOLF COURSES FUND
For the Fiscal Year Ended June 30, 2018**

**OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY**

	<u>Lake Hefner Golf Course</u>	<u>Lincoln Park Golf Course</u>	<u>Trosper Park Golf Course</u>	<u>Earlywine Park Golf Course</u>	<u>James E. Stewart Golf Course</u>	<u>Golf Course System</u>	<u>Total Golf Fund</u>
<u>OPERATING REVENUES</u>							
<u>CHARGES FOR SERVICES</u>							
Green fees-----	\$1,641,870	\$1,688,091	\$432,767	\$1,081,054	\$166,880	\$ -	\$5,010,662
Concessions-----	564,175	502,846	97,953	190,306	54,970	-	1,410,250
Other charges-----	950	21,687	298	312	111	-	23,358
Total charges for services-----	<u>2,206,995</u>	<u>2,212,624</u>	<u>531,018</u>	<u>1,271,672</u>	<u>221,961</u>	<u>-</u>	<u>6,444,270</u>
Golf cart rentals-----	735,136	836,580	245,204	515,810	68,310	-	2,401,040
Other-----	5,948	5,918	2,306	3,500	2,174	-	19,846
Total operating revenues-----	<u>2,948,079</u>	<u>3,055,122</u>	<u>778,528</u>	<u>1,790,982</u>	<u>292,445</u>	<u>-</u>	<u>8,865,156</u>
<u>OPERATING EXPENSES</u>							
Personal services-----	1,496,679	1,230,283	375,116	946,187	455,450	-	4,503,715
Maintenance, operations, and contractual services-----	417,386	480,945	175,401	266,396	108,141	968,508	2,416,777
Materials and supplies-----	456,524	538,533	164,319	277,413	151,564	-	1,588,353
Depreciation-----	136,396	297,041	105,109	161,170	70,147	140,620	910,483
Total operating expenses-----	<u>2,506,985</u>	<u>2,546,802</u>	<u>819,945</u>	<u>1,651,166</u>	<u>785,302</u>	<u>1,109,128</u>	<u>9,419,328</u>
Operating income (loss)-----	<u>441,094</u>	<u>508,320</u>	<u>(41,417)</u>	<u>139,816</u>	<u>(492,857)</u>	<u>(1,109,128)</u>	<u>(554,172)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>							
Investment income-----	-	-	-	-	-	15,273	15,273
Interest on bonds and notes-----	(4,588)	(6,207)	(1,033)	-	-	(376,810)	(388,638)
Amortization-----	-	-	-	-	-	2,496	2,496
Payments from the City of Oklahoma City-----	-	-	-	-	346,558	875,717	1,222,275
Other revenues (expenses)-----	-	2,208	-	(2,422)	65,948	30,000	95,734
Net non-operating revenues (expenses)-----	<u>(4,588)</u>	<u>(3,999)</u>	<u>(1,033)</u>	<u>(2,422)</u>	<u>412,506</u>	<u>546,676</u>	<u>947,140</u>
Income (loss) before transfers-----	<u>436,506</u>	<u>504,321</u>	<u>(42,450)</u>	<u>137,394</u>	<u>(80,351)</u>	<u>(562,452)</u>	<u>392,968</u>
Transfers within the golf courses-----	(362,254)	(668,972)	(14,086)	(273,799)	-	1,319,111	-
Changes in net position (deficit)-----	<u>74,252</u>	<u>(164,651)</u>	<u>(56,536)</u>	<u>(136,405)</u>	<u>(80,351)</u>	<u>756,659</u>	<u>392,968</u>
Total net position, beginning, as previously reported	(753,971)	917,098	180,651	360,311	(106,257)	(2,821,818)	(2,223,986)
Change in accounting principle-----	(1,369,978)	(1,023,652)	(161,655)	(715,769)	(477,178)	-	(3,748,232)
Total net position, beginning, as restated-----	<u>(2,123,949)</u>	<u>(106,554)</u>	<u>18,996</u>	<u>(355,458)</u>	<u>(583,435)</u>	<u>(2,821,818)</u>	<u>(5,972,218)</u>
Total net position (deficit), ending-----	<u>(\$2,049,697)</u>	<u>(\$271,205)</u>	<u>(\$37,540)</u>	<u>(\$491,863)</u>	<u>(\$663,786)</u>	<u>(\$2,065,159)</u>	<u>(\$5,579,250)</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
GOLF COURSES FUND
For the Fiscal Year Ended June 30, 2017**

**OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY**

	<u>Lake Hefner Golf Course</u>	<u>Lincoln Park Golf Course</u>	<u>Trosper Park Golf Course</u>	<u>Earlywine Park Golf Course</u>	<u>James E. Stewart Golf Course</u>	<u>Golf Course System</u>	<u>Total Golf Fund</u>
<u>OPERATING REVENUES</u>							
<u>CHARGES FOR SERVICES</u>							
Green fees-----	\$1,673,480	\$1,641,648	\$450,173	\$1,105,357	\$183,248	\$ -	\$5,053,906
Concessions-----	564,811	499,987	115,584	204,289	64,921	-	1,449,592
Other charges-----	1,288	20,718	597	386	5	-	22,994
Total charges for services-----	<u>2,239,579</u>	<u>2,162,353</u>	<u>566,354</u>	<u>1,310,032</u>	<u>248,174</u>	<u>-</u>	<u>6,526,492</u>
Golf cart rentals-----	733,989	828,571	247,234	521,482	75,592	-	2,406,868
Other-----	500	76	127	41	18	-	762
Total operating revenues-----	<u>2,974,068</u>	<u>2,991,000</u>	<u>813,715</u>	<u>1,831,555</u>	<u>323,784</u>	<u>-</u>	<u>8,934,122</u>
<u>OPERATING EXPENSES</u>							
Personal services-----	1,689,999	1,395,566	492,214	1,161,790	482,333	-	5,221,902
Maintenance, operations, and contractual services-----	422,920	479,444	175,639	253,212	120,929	1,005,120	2,457,264
Materials and supplies-----	524,235	537,377	159,290	332,433	171,172	2,360	1,726,867
Depreciation-----	143,986	288,677	102,682	161,998	67,671	142,015	907,029
Total operating expenses-----	<u>2,781,140</u>	<u>2,701,064</u>	<u>929,825</u>	<u>1,909,433</u>	<u>842,105</u>	<u>1,149,495</u>	<u>10,313,062</u>
Operating income (loss)-----	<u>192,928</u>	<u>289,936</u>	<u>(116,110)</u>	<u>(77,878)</u>	<u>(518,321)</u>	<u>(1,149,495)</u>	<u>(1,378,940)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>							
Investment income-----	-	-	-	-	-	11,056	11,056
Interest on bonds and notes-----	(6,673)	(9,028)	-	-	-	(401,667)	(417,368)
Amortization-----	-	-	-	-	-	2,583	2,583
Payments from the City of Oklahoma City-----	-	-	-	-	410,006	980,731	1,390,737
Payments to the City of Oklahoma City-----	-	(1,389)	-	-	-	-	(1,389)
Other revenues-----	1,941	6,966	557	2,981	48,771	34,163	95,379
Net non-operating revenues (expenses)-----	<u>(4,732)</u>	<u>(3,451)</u>	<u>557</u>	<u>2,981</u>	<u>458,777</u>	<u>626,866</u>	<u>1,080,998</u>
Income (loss) before transfers-----	<u>188,196</u>	<u>286,485</u>	<u>(115,553)</u>	<u>(74,897)</u>	<u>(59,544)</u>	<u>(522,629)</u>	<u>(297,942)</u>
Transfers within the golf courses-----	(515,396)	(579,424)	70,553	(272,317)	-	1,296,584	-
Changes in net position (deficit)-----	<u>(327,200)</u>	<u>(292,939)</u>	<u>(45,000)</u>	<u>(347,214)</u>	<u>(59,544)</u>	<u>773,955</u>	<u>(297,942)</u>
Total net position, beginning-----	(426,771)	1,210,037	225,651	707,525	(46,713)	(3,595,773)	(1,926,044)
Total net position (deficit), ending-----	<u>(\$753,971)</u>	<u>\$917,098</u>	<u>\$180,651</u>	<u>\$360,311</u>	<u>(\$106,257)</u>	<u>(\$2,821,818)</u>	<u>(\$2,223,986)</u>

**COMBINING STATEMENT OF CASH FLOWS
GOLF COURSES FUND
For the Fiscal Year Ended June 30, 2018**

**OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY**

	<u>Lake Hefner Golf Course</u>	<u>Lincoln Park Golf Course</u>	<u>Trosper Park Golf Course</u>	<u>Earlywine Park Golf Course</u>	<u>James E. Stewart Golf Course</u>	<u>Golf Course System</u>	<u>Total Golf Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>							
Cash received from customers-----	\$2,943,366	\$3,056,539	\$779,197	\$1,789,915	\$363,940	(\$65,080)	\$8,867,877
Cash payments to suppliers for goods and services-----	(829,989)	(978,850)	(329,114)	(535,636)	(263,213)	(768,571)	(3,705,373)
Cash payments to employees and professional contractors for services-----	(1,465,263)	(1,185,319)	(374,540)	(933,746)	(427,817)	(3,511)	(4,390,196)
Cash payments for internal services-----	(27,072)	(71,439)	(10,149)	(11,053)	(3,567)	(73,891)	(197,171)
Operating payments from City of Oklahoma City-----	-	-	-	-	346,558	875,717	1,222,275
Operating payments to City of Oklahoma City-----	(97,977)	(132,553)	(1,032)	-	-	148,974	(82,588)
Operating payments within the Department-----	(359,409)	(655,674)	164,277	(274,579)	-	1,125,385	-
Net cash provided by operating activities-----	163,656	32,704	228,639	34,901	15,901	1,239,023	1,714,824
<u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u>							
Payments for acquisition and construction of capital assets-----	(18,270)	(15,225)	(180,000)	(45,789)	(9,500)	(339)	(269,123)
Principal paid on long-term debt-----	-	-	-	-	-	(825,000)	(825,000)
Interest paid on long-term debt-----	-	-	-	-	-	(383,145)	(383,145)
Proceeds from sale of assets-----	-	2,164	-	-	-	-	2,164
Net cash used by capital and related financing activities-----	(18,270)	(13,061)	(180,000)	(45,789)	(9,500)	(1,208,484)	(1,475,104)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>							
Payments for purchase of investments-----	-	-	-	-	-	(1,229,804)	(1,229,804)
Proceeds from sale of investments-----	-	-	-	-	-	1,225,117	1,225,117
Changes in pooled investments-----	-	-	-	-	-	(308,949)	(308,949)
Investment income received-----	-	-	-	-	-	13,190	13,190
Purchased interest-----	-	-	-	-	-	195	195
Net cash provided (used) by investing activities-----	-	-	-	-	-	(300,251)	(300,251)
Net increase (decrease) in cash-----	145,386	19,643	48,639	(10,888)	6,401	(269,712)	(60,531)
Cash, beginning-----	379,078	340,720	82,435	229,514	49,158	274,998	1,355,903
Cash, ending-----	\$524,464	\$360,363	\$131,074	\$218,626	\$55,559	\$5,286	\$1,295,372

**COMBINING STATEMENT OF CASH FLOWS
GOLF COURSES FUND
For the Fiscal Year Ended June 30, 2018**

**OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY**

	<u>Lake Hefner Golf Course</u>	<u>Lincoln Park Golf Course</u>	<u>Trosper Park Golf Course</u>	<u>Earlywine Park Golf Course</u>	<u>James E. Stewart Golf Course</u>	<u>Golf Course System</u>	<u>Total Golf Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS)							
Operating income (loss)-----	\$441,094	\$508,320	(\$41,417)	\$139,816	(\$492,857)	(\$1,109,128)	(\$554,172)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) PROVIDED BY OPERATING ACTIVITIES							
Depreciation-----	136,396	297,041	105,109	161,170	70,147	140,620	910,483
Other revenue (expense)-----	-	44	738,686	(738,686)	65,948	30,000	95,992
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable-----	-	(392)	-	(101)	5,494	-	5,001
(Increase) decrease in payments/transfers from (to) within the Department-----	(362,254)	(668,972)	(14,087)	(273,799)	-	1,319,112	-
(Increase) decrease in receivable from City of Oklahoma City-----	2,937	13,067	(455)	(702)	350,719	856,709	1,222,275
(Increase) decrease in inventories-----	454	(3,277)	2,649	5,971	(681)	-	5,116
(Increase) decrease in prepaid assets-----	850	(2,825)	1,825	(1,772)	1,676	-	(246)
(Increase) decrease in net pension asset-----	(150,111)	(117,587)	(25,019)	(95,070)	(47,535)	-	(435,322)
(Increase) decrease in deferred outflows-----	141,587	110,721	23,061	91,606	44,594	180	411,749
Increase (decrease) in accounts payable and accrued expenses-----	35,756	6,906	(1,921)	4,956	(6,940)	25,207	63,964
Increase (decrease) in wages and benefits payable-----	544	939	(962)	(1,121)	3,564	-	2,964
Increase (decrease) in payable to City of Oklahoma City-----	(123,280)	(162,917)	172,052	(12,726)	(1,076)	(23,677)	(151,624)
Increase (decrease) in compensated absences-----	(22,791)	1,809	(5,144)	(13,766)	1,923	-	(37,969)
Increase (decrease) in net pension liability-----	(7,039)	(5,514)	(1,173)	(4,458)	(2,229)	-	(20,413)
Increase (decrease) in net other post-employment benefit liability-----	1,363,019	1,152,624	395,066	650,731	433,821	-	3,995,261
Increase (decrease) in net other post-employment benefit obligation-----	(1,538,930)	(1,292,701)	(1,169,586)	-	(492,458)	-	(4,493,675)
Increase (decrease) in deferred inflows-----	245,424	195,418	49,955	122,852	81,791	-	695,440
Total adjustments-----	<u>(277,438)</u>	<u>(475,616)</u>	<u>270,056</u>	<u>(104,915)</u>	<u>508,758</u>	<u>2,348,151</u>	<u>2,268,996</u>
Net cash provided by operating activities-----	\$163,656	\$32,704	\$228,639	\$34,901	\$15,901	\$1,239,023	\$1,714,824

**COMBINING STATEMENT OF CASH FLOWS
GOLF COURSES FUND
For the Fiscal Year Ended June 30, 2017**

**OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY**

	<u>Lake Hefner Golf Course</u>	<u>Lincoln Park Golf Course</u>	<u>Trosper Park Golf Course</u>	<u>Earlywine Park Golf Course</u>	<u>James E. Stewart Golf Course</u>	<u>Golf Course System</u>	<u>Total Golf Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>							
Cash received from customers-----	\$2,977,996	\$2,992,288	\$814,617	\$1,825,982	\$384,879	\$32,593	\$9,028,355
Cash payments to suppliers for goods and services-----	(890,354)	(939,785)	(330,020)	(572,823)	(275,997)	(914,878)	(3,923,857)
Cash payments to employees and professional contractors for services-----	(1,495,970)	(1,216,404)	(419,370)	(1,065,869)	(433,784)	4,222	(4,627,175)
Cash payments for internal services-----	(19,558)	(81,125)	(10,801)	(3,883)	(7,773)	(81,252)	(204,392)
Operating payments from City of Oklahoma City-----	-	-	-	-	410,006	980,731	1,390,737
Operating payments to City of Oklahoma City-----	-	(1,389)	-	-	-	(70,192)	(71,581)
Operating payments within the Department-----	(447,611)	(606,739)	(211)	(264,665)	-	1,319,226	-
Net cash provided (used) by operating activities-----	124,503	146,846	54,215	(81,258)	77,331	1,270,450	1,592,087
<u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u>							
Payments for acquisition and construction of capital assets-----	-	(59,615)	-	(17,590)	(75,924)	(14,103)	(167,232)
Principal paid on long-term debt-----	-	-	-	-	-	(795,000)	(795,000)
Interest paid on long-term debt-----	-	-	-	-	-	(407,297)	(407,297)
Capital and capital related payments to City of Oklahoma City---	(97,977)	(132,553)	-	-	-	-	(230,530)
Proceeds from sale of assets-----	-	4,701	-	2,552	-	-	7,253
Net cash provided (used) by capital and related financing activities-----	(97,977)	(187,467)	-	(15,038)	(75,924)	(1,216,400)	(1,592,806)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>							
Payments for purchase of investments-----	-	-	-	-	-	(1,223,147)	(1,223,147)
Proceeds from sale of investments-----	-	-	-	-	-	1,216,773	1,216,773
Changes in pooled investments-----	-	-	-	-	-	(138,795)	(138,795)
Investment income received-----	-	-	-	-	-	9,740	9,740
Purchased interest-----	-	-	-	-	-	(208)	(208)
Net cash provided (used) by investing activities-----	-	-	-	-	-	(135,637)	(135,637)
Net increase (decrease) in cash-----	26,526	(40,621)	54,215	(96,296)	1,407	(81,587)	(136,356)
Cash, beginning-----	352,552	381,341	28,220	325,810	47,751	356,585	1,492,259
Cash, ending-----	\$379,078	\$340,720	\$82,435	\$229,514	\$49,158	\$274,998	\$1,355,903

**COMBINING STATEMENT OF CASH FLOWS
GOLF COURSES FUND
For the Fiscal Year Ended June 30, 2017**

**OKLAHOMA CITY PUBLIC
PROPERTY AUTHORITY**

	<u>Lake Hefner Golf Course</u>	<u>Lincoln Park Golf Course</u>	<u>Trosper Park Golf Course</u>	<u>Earlywine Park Golf Course</u>	<u>James E. Stewart Golf Course</u>	<u>Golf Course System</u>	<u>Total Golf Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES							
Operating income (loss)-----	\$192,928	\$289,936	(\$116,110)	(\$77,878)	(\$518,321)	(\$1,149,495)	(\$1,378,940)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) PROVIDED BY OPERATING ACTIVITIES							
Depreciation-----	143,986	288,677	102,682	161,998	67,671	142,015	907,029
Other revenue-----	1,941	2,266	557	428	66,541	34,163	105,896
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable-----	-	-	-	-	(5,494)	-	(5,494)
(Increase) decrease in payments/transfers from (to) within the Department-----	(355,919)	(446,870)	69,665	(272,402)	-	1,236,056	230,530
(Increase) decrease in receivable from City of Oklahoma City-	6,085	3,184	-	-	405,865	975,603	1,390,737
(Increase) decrease in inventories-----	4,772	(22,140)	(4,234)	(927)	4,396	-	(18,133)
(Increase) decrease in prepaid assets-----	1,255	2,135	150	2,552	-	-	6,092
(Increase) decrease in net pension asset-----	271,777	224,919	79,659	182,747	70,287	-	829,389
(Increase) decrease in deferred outflows-----	(257,505)	(199,810)	(37,483)	(161,406)	(84,038)	183	(740,059)
Increase (decrease) in accounts payable and accrued expenses-	25,675	(2,205)	(919)	8,128	7,378	7,190	45,247
Increase (decrease) in wages and benefits payable-----	5,761	6,758	(3,495)	(34)	2,038	-	11,028
Increase (decrease) in payable to City of Oklahoma City-----	(90,950)	(148,206)	(66,743)	-	(3,392)	24,735	(284,556)
Increase (decrease) in compensated absences-----	2,858	8,377	(4,306)	(1,244)	2,830	-	8,515
Increase (decrease) in net pension liability-----	7,039	5,514	1,173	4,458	2,229	-	20,413
Increase (decrease) in net other post-employment benefit obligation-----	180,245	151,406	50,469	86,517	57,678	-	526,315
Increase (decrease) in deferred inflows-----	(15,445)	(17,095)	(16,850)	(14,195)	1,663	-	(61,922)
Total adjustments-----	(68,425)	(143,090)	170,325	(3,380)	595,652	2,419,945	2,971,027
Net cash provided (used) by operating activities-----	\$124,503	\$146,846	\$54,215	(\$81,258)	\$77,331	\$1,270,450	\$1,592,087

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Oklahoma City Public Property Authority
Oklahoma City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Oklahoma City Public Property Authority (Authority) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 16, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances

of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

November 16, 2018
Wichita, Kansas