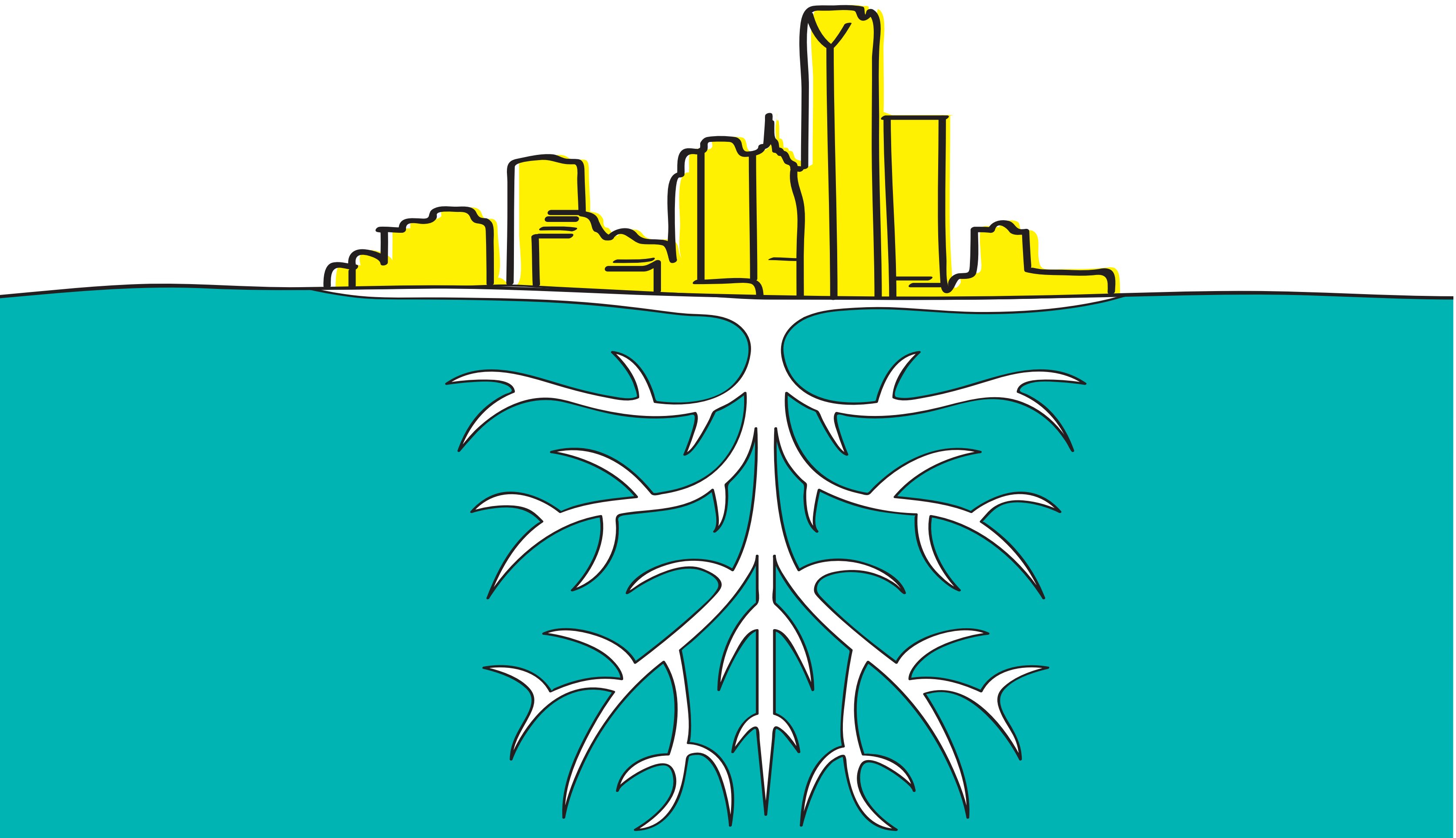
ROOTED IN STABILITY



OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

A blended component unit enterprise fund of the City of Oklahoma City, Oklahoma

Annual Financial Report | for the Fiscal Year ended June 30, 2011

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THE OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

A Blended Component Unit of
Oklahoma City, Oklahoma

Annual Financial Report for the Fiscal Year Ended June 30, 2011

Prepared by The Oklahoma City Finance Department, Accounting Services Division
Glen D. Earley, Controller

Introductory Section

THE OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

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The City of
OKLAHOMA CITY
DEPARTMENT OF FINANCE

December 5, 2010

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 and the dictates of effective financial management practices. 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 accountants' 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 year ended June 30, 2011, is in the MD&A section of this report, immediately following the independent accountants' 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 (Cox Center), OKC 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 Oklahoma City 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 to fund these services. There are currently four business improvement districts in the City including Downtown, Stockyards, Western Avenue, and Capitol Hill.

The Authority awarded several construction contracts during the fiscal year including:

- Oklahoma City Fairgrounds projects providing improvements to gateways, security fencing, directional signage, traffic flow, feed/bedding storage relocation, maintenance/vehicle storage facility relocation, parking lots, storm drainage, Americans with Disabilities Act (ADA)-compliant trams, and ADA sidewalk improvements. Also, structural repairs to the Norick Arena and the demolition of Oklahoma City Fairgrounds grandstands.

100 North Walker • Oklahoma City, OK 73102 • 405/297-2506

The economic environment and outlook for Oklahoma City are positive. Although the City experienced the economic downturn other cities faced over the last few years, the current year demonstrates a solid economy and recovery trend. Dr. Russell R. Evans, Director and Research Economist for the Center for Applied Economic Research at Oklahoma State University, reviewed the economic condition of the City and State in January 2011 and projected a modest national recovery in 2011. For Oklahoma, he projected employment and personal incomes to grow, unemployment to rise slightly then fall, and retail sales to continue their growth.

An unemployment rate of 5.7% in June 2011, annual personal income increase of 3.5%, significant gains in oil and natural gas rotary rig count from the same period last year, increased sales in motor vehicles, an additional 28,300 nonfarm jobs, and significant increases in sales tax revenues are strong indicators of economic growth. In fact, August 2011 sales tax collections were up 18 percent compared to the same month the previous year.

Several large commercial construction projects including a significant upgrade for airport retail shops and the opening of a new outlet mall with full occupancy of 82 new businesses contribute to the City's current economic condition. According to the June 21, 2011 Business Journal, these and other factors put Oklahoma City on the radar of every national retailer.

The City is also developing infrastructure for this growth through a major quality of life program funded by a temporary one-cent sales tax. This seven-year plan with improvements estimated to cost $777 million, includes a 70-acre downtown park, a modern streetcar system, a new convention center, sidewalks, trails, improvements to the Oklahoma River, senior health and wellness centers, and expansion of the Oklahoma City Fairgrounds public event buildings.

The diversity of Oklahoma City's economy is reflected in the OKC Thunder, the City's NBA team, being ranked 6th-Best Pro Sports Franchise and 2nd Best in the NBA by ESPN.

Oklahoma City's continued high rankings among metropolitan cities in the United States promises an immediate and sustainable economic growth outlook for the next few years. The City was ranked number 1 in America's Most Affordable City by Forbes Magazine (October 28, 2010); #1 in Tech Job Growth by Tech-America Foundation (December 2, 2010), 1st in Real GDP Gains among the Top 50 Markets by The Bureau of Economic Analysis (February 23, 2011), 2nd-Best Place to Start a Small Business by The Fiscal Times (July 1, 2011), and # 3 Best Cities for Recent Grads by Newsweek (June 1, 2011).

Oklahoma City's central location at the intersection of Interstate highways I-35, I-44 and I-40, its regional transportation hub at Will Rogers World Airport, ample water supplies, numerous performing arts, entertainment, and recreational facilities all contribute to a positive economic outlook for the near future.

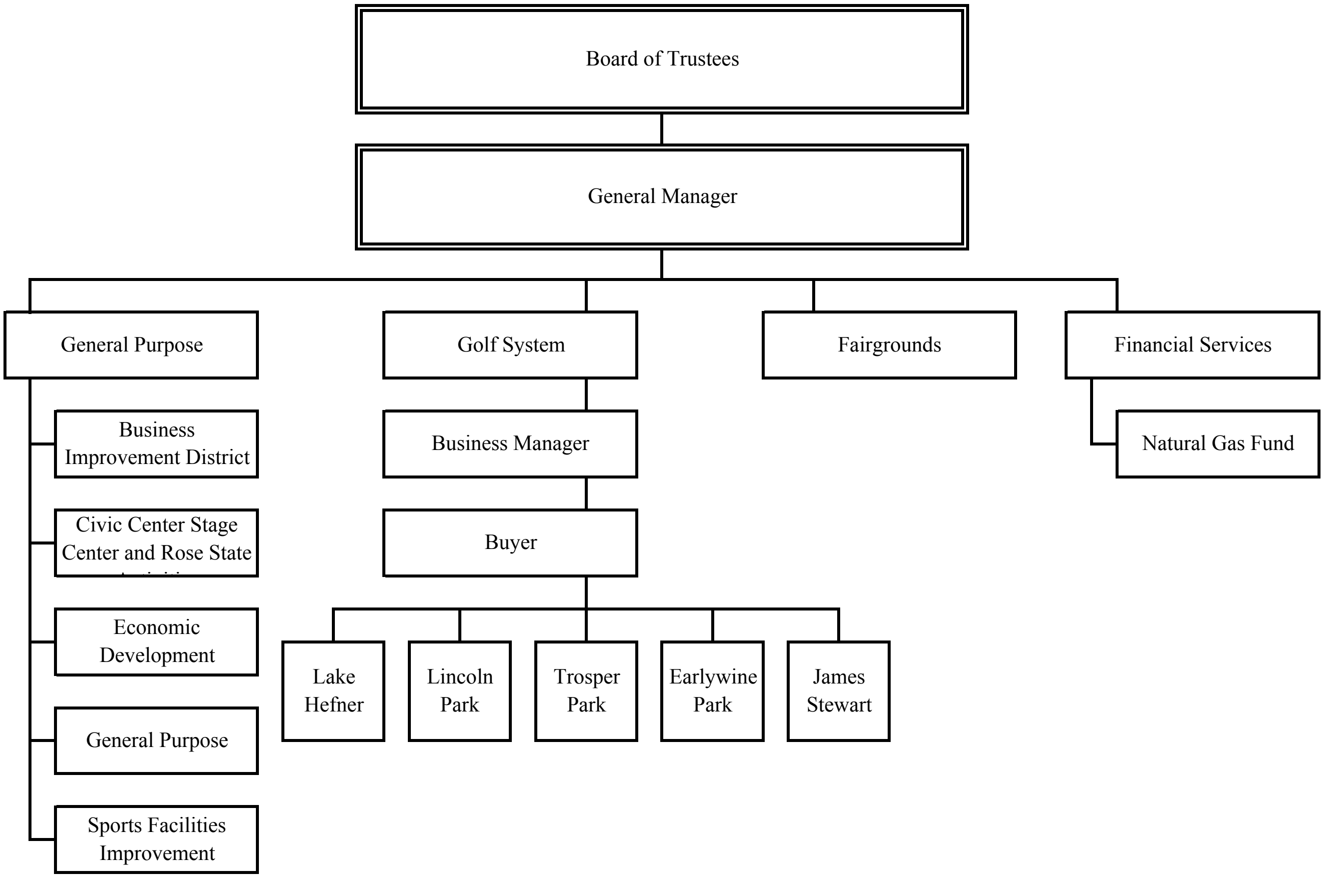
The Authority participates in the City's comprehensive accounting and budgetary system. Interim financial statements provide Authority management and other interested readers with regular financial analyses. Additionally, the Authority's management maintains budgetary controls to ensure effective financial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

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

Respectfully submitted,

James D. Couch City of Oklahoma City, General Manager	Craig Freeman City of Oklahoma City, Finance Director	Glen D. Earley City of Oklahoma City, Controller

Oklahoma City Public Property Authority
Organization Chart



Financial Section

BKD LLP
CPAs & Advisors

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211 N. Robinson, Suite 600
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Independent Accountants' Report on Financial Statements and Supplementary Information

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

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 (the Authority), a component unit of the City of Oklahoma City, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the The Combined Operations of The Cox Convention Center and The Ford Center, as managed by SMG, an agent operating these facilities as discussed in *Note II.A.3.*, which statements reflect total net assets of $5,040,880 as of June 30, 2011, and total operating revenues of $13,297,078 for the year then ended. Those statements were audited by other accountants whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for The Combined Operations of The Cox Convention Center and The Ford Center, as managed by SMG, which are reported within the Authority's governmental activities and general purpose fund financial statements, are based solely on the report of the other accountants.

We conducted our audit 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 of material misstatement. The financial statements of The Combined Operations of The Cox Convention Center and The Ford Center, as managed by SMG, which are reported within the Authority's governmental activities and general purpose fund financial statements, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other accountants provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other accountants, 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 Oklahoma City Public Property Authority as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note III., in 2011, the Authority changed its method of accounting for fund balances in accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund-Type Definitions*, by retroactively restating prior years' financial statements.

As discussed in Note III, the previously issued 2010 financial statements have been restated. Our previously issued report on those financial statements dated December 6, 2010, is no longer to be relied upon, because the previously issued statements were materially misstated and that report is replaced by this report on the restated 2010 financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2011, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis, pension and other postemployment benefit information as listed in the table of contents are not a required part of the basic financial statements but supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining financial information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

BKD, LLP

December 5, 2011

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 year ended June 30, 2011. 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 (City).

Financial Summary

- Authority assets exceeded liabilities by $103,253,816 (net assets) for 2011. This compares to the previous year when assets exceeded liabilities by $132,145,470.

- Total liabilities for the Authority decreased by $21,654,516 to $101,769,291 during the fiscal year.

- Total net assets are comprised of the following:
  (1) Invested in capital assets, net of related debt, of $96,957,447 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 assets of $4,545,020 are restricted for capital projects and debt service.
  (3) Restricted for net assets of $663,050 are restricted for public service.
  (4) Restricted for net assets of $2,075,532 are restricted for culture and recreation.
  (5) Unrestricted deficit is $987,233.

- The Authority's governmental fund reported total ending fund balance of $1,632,936 this year. This compares to the prior year ending fund balance of $13,249,925, showing a decrease of $11,616,989 during the current year.

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 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 assets. This is the statement of financial position presenting information that includes all of the Authority's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority as a whole is improving or deteriorating and identify financial strengths and weaknesses and assess liquidity.

The second Authority-wide statement is the statement of activities which reports how the Authority's net assets changed during the current fiscal year and can be used to assess the Authority's operating results in its entirety and analyze how the Authority's programs are financed. All current year 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.

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 OKC Arena. The Civic Center Music Hall and certain activities related to the downtown canal are 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.

Due to statutory restrictions on the City, using the Authority as an administrative and financing vehicle allows the City to engage in multi-year contracts.

The Authority's net assets at fiscal year-end are $103,253,816. This is a decrease of $28,891,654 from last year's net assets including a prior period adjustment of $19,944,254 to record depreciation for recategorizations between depreciable and non-depreciable capital assets of the Authority. Overall the Authority's financial position declined during fiscal year 2011. Revenues for the year ending June 30, 2010 have been reclassed for restricted interest income from general revenues to operating grants and contributions in governmental activities and unrestricted interest income from operating grants and contributions to general revenues in business-type activities. Net assets have been changed to reflect retainages and capital related accounts payable, and debt issuance costs paid from bond proceeds as part of invested in capital assets, net of related debt instead of unrestricted net assets. Net assets have also been reclassed to reflect additional restrictions for debt service in both governmental activities and business type activities. Restrictions for public services and culture and recreation net assets have also been reclassified from unrestricted net assets. The 2010 balances presented in this discussion and analysis have not been adjusted to reflect the restatement of prior balances related to the prior period adjustment. See Note III. B. for more information.

Summary of Net Assets

	Governmental Activities		Business-type Activities		Totals		
	2011	2010	2011	2010	2011	2010	% Change
Assets							
Current assets	$12,137,423	$43,094,531	$10,426,165	$11,198,826	$22,563,588	$54,293,357	(58.4%)
Capital assets, net	103,629,179	97,817,632	72,757,307	98,650,395	176,386,486	196,468,027	(10.2)
Other non-current assets	5,040,880	3,753,177	1,032,153	1,054,716	6,073,033	4,807,893	26.3
Total assets	**120,807,482**	**144,665,340**	**84,215,625**	**110,903,937**	**205,023,107**	**255,569,277**	(19.8)
Liabilities							
Current liabilities	11,307,292	32,648,050	6,258,341	5,403,203	17,565,633	38,051,253	(53.8)
Non-current liabilities	5,830,517	2,632,934	78,373,141	82,739,620	84,203,658	85,372,554	(1.4)
Total liabilities	**17,137,809**	**35,280,984**	**84,631,482**	**88,142,823**	**101,769,291**	**123,423,807**	(17.5)
Net assets (deficit)							
Invested in capital assets, net of related debt	102,663,825	95,923,436	(5,706,378)	21,930,320	96,957,447	117,853,756	(17.7)
Restricted for:							
Capital projects	2,815,281	-	985	-	2,816,266	-	100.0
Debt service	-	11,674,311	1,728,754	2,649,634	1,728,754	14,323,945	(87.9)
Public services	663,050	2,082,598	-	-	663,050	2,082,598	(68.2)
Culture and recreation	2,075,532	1,298,919	-	-	2,075,532	1,298,919	59.8
Unrestricted	(4,548,015)	(1,594,908)	3,560,782	(1,818,840)	(987,233)	(3,413,748)	71.1
Total net assets (deficit)	**$103,669,673**	**$109,384,356**	**($415,857)**	**$22,761,114**	**$103,253,816**	**$132,145,470**	(21.9)

Current assets decreased $31.73 million primarily from decreases in cash and investments due to purchases of capital assets for $19.63 million and transfer of sales tax collection back to City Sport Facility Sales Tax Fund for $20.38 million.

The Authority's decrease in capital assets of $20.09 million is mainly due to the restatement of beginning year capital assets to record depreciation for a significant number of construction projects that were completed and placed in service.

Current liabilities decreased overall by $20.49 million. This includes $20.38 million that was due to the City Sports Facilities Sales Tax Fund in the prior year for funds that were returned after the NBA practice facility was completed. The tax anticipation note for Dell Business Services Center reduced by $1 million due to payments made in 2011.

Non-current liabilities decreased $1.17 million primarily due to the decrease in net other post-employment benefits (OPEB) obligation resulting from a change in allocation methodology for other post-employment cost. The past allocation included part time and temporary employee's who are not eligible for post-employment benefits.

Summary of Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals		
	2011	2010	2011	2010	2011	2010	% Change
Revenues							
Charges for services	$16,920,726	$14,295,687	$9,447,051	$8,222,452	$26,367,777	$22,518,139	17.1%
Operating grants and contributions	180,665	874,325	2,706	7,050	183,371	881,375	(79.2)
General revenues	729,109	848,615	25,875	12,665	754,984	861,280	(12.3)
Total revenues	**17,830,500**	**16,018,627**	**9,475,632**	**8,242,167**	**27,306,132**	**24,260,794**	12.6
Expenses							
General government	116,029	74,274	-	-	116,029	74,274	56.2
Public services	2,243,900	2,459,703	-	-	2,243,900	2,459,703	(8.8)
Culture and recreation	21,615,115	17,752,238	-	-	21,615,115	17,752,238	21.8
Economic development	123,822	-	-	-	123,822	-	100.0
Interest on long-term debt	177,776	222,896	-	-	177,776	222,896	(20.2)
Golf courses	-	-	9,082,464	11,927,568	9,082,464	11,927,568	(23.9)
Fairgrounds	-	-	6,652,230	2,362,914	6,652,230	2,362,914	181.5
Financial services	-	-	1,691,386	223,443	1,691,386	223,443	657.0
Total expenses	**24,276,642**	**20,509,111**	**17,426,080**	**14,513,925**	**41,702,722**	**35,023,036**	19.1
Transfers	**1,639,204**	**35,084,590**	**3,809,986**	**6,634,291**	**5,449,190**	**41,718,881**	(86.9)
Changes in net assets (deficit)	**(4,806,938)**	**30,594,106**	**(4,140,462)**	**362,533**	**(8,947,400)**	**30,956,639**	(128.9)
Beginning net assets (deficit)							
As previously reported	109,384,356	94,538,041	22,761,114	14,472,122	132,145,470	109,010,163	21.2
Prior period adjustment	(907,745)	(15,747,791)	(19,036,509)	7,926,459	(19,944,254)	(7,821,332)	(155.0)
As restated	108,476,611	78,790,250	3,724,605	22,398,581	112,201,216	101,188,831	10.9
Ending net assets (deficit)	**$103,669,673**	**$109,384,356**	**($415,857)**	**$22,761,114**	**$103,253,816**	**$132,145,470**	(21.9)

Changes in net assets are reflected in changes in revenues and expenses. The increase in charges for services of $3.85 million is generally related to a $2.62 million increase in event charges at the OKC Arena and Cox Convention Center. On July 1, 2010, the Financial Services Fund was designated to manage and consolidate natural gas internal services charges previously reported with governmental activities which resulted in an increase in charges for services of $966 thousand. This Financial Services Fund is used to consolidate and manage the third party natural gas contracts of the City. Also during the fiscal year, the Golf Courses Fund revenue increased of $279 thousand due to an increase in play.

The decrease in operating grants and contributions of $698 thousand resulted for the most part from a decrease in intergovernmental program revenues in the amount of $449 thousand from reduced contributions for the Land Run Monument Project.

Net transfers in the Authority were $5.45 million and $41.72 million for years ended 2011 and 2010, respectively. Transfers from City Sports Facilities Sales Tax Fund and City Sports Facilities Use Tax Fund decreased by $30.96 million because construction projects funded by these taxes are essentially complete, funding is no longer needed.

Increases in expenses for the Authority of $3.77 million and $2.91 million for governmental and business-type activities, respectively, included increases of $2.16 million in management fees to SMG to manage and operate the Cox Convention Center and OKC Arena and $1.58 for increased depreciation related to recategorizations of completed construction projects for governmental activities and increased depreciation related to recategorizations of completed construction projects of $4.32 million, offset by a $3.31 million decrease in OPEB expense in business-type activities.

Capital Assets

The Authority's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2011 was $103.63 million and $72.76 million, respectively.

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals		
	2011	2010	2011	2010	2011	2010	% Change
Non-Depreciable Assets							
Construction in progress	$23,129,145	$37,400,295	$5,653,017	$79,121,918	$28,782,162	$116,522,213	(75.3%)
Land	6,553,693	506,042	2,004,837	2,004,837	8,558,530	2,510,879	240.9
Total non-depreciable assets	**29,682,838**	**37,906,337**	**7,657,854**	**81,126,755**	**37,340,692**	**119,033,092**	(68.6)
Depreciable Assets							
Buildings	27,018,099	20,595,754	22,784,318	8,182,418	49,802,417	28,778,172	73.1
Improvements other than buildings	37,127,425	33,228,134	39,221,542	7,364,311	76,348,967	40,592,445	88.1
Furniture, machinery, and equipment	9,800,817	6,087,407	3,093,593	1,976,911	12,894,410	8,064,318	59.9
Total depreciable assets	**73,946,341**	**59,911,295**	**65,099,453**	**17,523,640**	**139,045,794**	**77,434,935**	79.6
Total	**$103,629,179**	**$97,817,632**	**$72,757,307**	**$98,650,395**	**$176,386,486**	**$196,468,027**	(10.2)

The total increase in capital assets for governmental activities was $5.81 million and business-type activities decreased by $25.89 million. The overall decrease was 10.2%. Major capital asset changes in 2011 included transfers of assets from the Financial Services Fund to the City Capital Improvement Fund, recategorizations for completed construction in progress assets to buildings, improvements other than buildings, and furniture, machinery and equipment and equipment to art including a $19.944 million restatement of prior year accumulated deprecation balances. See Note II. A. 5. for more information regarding capital assets.

Long-term Debt

Authority

Advances

At the end of the fiscal year, the Authority had total advances outstanding of $5,050,467. See Note II. C. for more information regarding advances.

Advances from Oklahoma City Municipal Facilities Authority (OCMFA):

The Authority golf course funds have received several advances from OCMFA for cart loans and greens replacement. The outstanding balance on the advances from OCMFA are $671 thousand at June 30, 2011. The Authority did not receive any new advances during the year and paid principal due in accordance with the terms of the advances.

Advances from the City General Fund and City City and Schools Use Tax Fund:
The Authority received $1.03 million from the City City and School Use Tax Fund to repay a line of credit related to Tax Incremental Financing District #6. The City City and Schools Use Tax Fund will be repaid over 7 years at a rate of 2%. The City General Fund will repay $877 thousand plus the accrued interest. The Authority will repay the balance. Once the City City and School Use Tax Fund is repaid, it is anticipated that the Authority will repay the City General Fund for costs incurred. The balance due to the City General Fund and City City and School Use Tax Fund from the Authority at June 30, 2011 is $928 thousand and $131 thousand, respectively.

Advances from City City and Schools Use Tax Fund:
On February 16, 2010 the Authority received $3.20 million 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. There were increases in cost of the facility renovations and upgrade to the total cost of $3.32 million. The replenishment to the City City and Schools Capital Projects Use Tax Fund with an interest rate of 4.19% will be repaid over a 10-year period. The balance of the loan at June 30, 2011 is $3.30 million, with accrued interest of $22 thousand.

Notes Payable
At the end of the fiscal year, the Authority had total notes payable of $1,579,117. See Note II. B. 4. for more information regarding notes payable.

On May 11, 2006, the Authority issued a capital improvement note for the underground improvement project for $2 million. The outstanding balance on the note for underground improvement is $871 thousand.

The Authority received a non-interest bearing loan of $780 thousand from the Oklahoma Department of Commerce for the remediation of hazardous waste materials in the Skirvin Hotel. The outstanding balance on the note at June 30, 2010 is $708 thousand.

Revenue Bonds
At the end of the fiscal year, the Authority had total bonded debt outstanding of $76,780,000. This debt is supported by pledged revenues of the business-type activities of the Authority (revenue bonds). See Note II. B. 5. for more information regarding revenue bonds.

Outstanding Long-term Debt

	2011	2010	2011 - 2010 Amount of Change	2011 - 2010 % Change
Advances	$5,050,467	$1,722,360	$3,328,107	193.2%
Notes payable	1,579,117	1,700,059	(120,942)	(7.1)
Revenue bonds	76,780,000	79,840,000	(3,060,000)	(3.8)
	$83,409,584	**$83,262,419**	**$147,165**	0.2

The change in outstanding debt for 2011 is the result of scheduled debt service payments. See Note II. B. 6. for more information regarding changes in long-term debt.

Bond Ratings
Standard and Poor's and Moody's rated the Authority's Golf System Refunding Revenue Bonds, Series 2010 at A+ and A1, respectively. Fairgrounds Hotel Tax Revenue Bonds Series 2005 and 2007A are rated A+ and A1 by Standard and Poor and Moody's, respectively. Fairgrounds Hotel Tax Revenue Bonds Series 2005 and 2007A Standard and Poor's and Moody's ratings were changed from AA and Aaa, respectively, in December 2010.

Economic Factors and Rates

Economic Factors
Economic factors directly affected the Authority's financial position. The operating revenue for the golf courses increased because there were more rounds of golf played during 2011 compared to the prior year.

Rates and Fees
Golf course fees increased effective June 1, 2010. Regular green fees and golf cart rental fees increased $0.50, other fees increased relatively. James E. Stewart Golf Course, golf course fees increased effective July 1, 2010. Regular green fees and golf cart rental fees increased by $0.50.

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.

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.

	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT ASSETS			
Pooled cash	$4,797,072	$2,383,883	$7,180,955
Non-pooled cash	1,000	2,064,452	2,065,452
Investments	6,499,790	5,661,056	12,160,846
Property taxes receivable	2,981	-	2,981
Accounts receivable, net	261,100	-	261,100
Interest, dividends, and royalties receivable	55,847	1,784	57,631
Internal balances	2,833	(2,833)	-
Due from other funds	514,512	-	514,512
Receivable from component units	2,288	-	2,288
Inventories	-	317,823	317,823
Total current assets	12,137,423	10,426,165	22,563,588
NON-CURRENT ASSETS			
Deferred debt expense, net	-	1,032,153	1,032,153
Other	5,040,880	-	5,040,880
Capital assets:			
Land and construction in progress	29,682,838	7,657,854	37,340,692
Other capital assets, net of accumulated depreciation	73,946,341	65,099,453	139,045,794
Capital assets, net	103,629,179	72,757,307	176,386,486
Total non-current assets	108,670,059	73,789,460	182,459,519
Total assets	**120,807,482**	**84,215,625**	**205,023,107**
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	1,354,095	2,175,336	3,529,431
Wages and benefits payable	-	237,301	237,301
Due to other funds	1,479,856	552,194	2,032,050
Interest payable	25,821	-	25,821
Compensated absences	-	61,535	61,535
Tax anticipation debt	8,000,000	-	8,000,000
Notes payable	128,439	-	128,439
Unearned revenue	319,081	-	319,081
Bond interest payable	-	926,975	926,975
Bonds payable	-	2,305,000	2,305,000
Total current liabilities	11,307,292	6,258,341	17,565,633
NON-CURRENT LIABILITIES			
Compensated absences	-	146,337	146,337
Notes payable	1,450,678	-	1,450,678
Advance from other funds	4,379,839	670,628	5,050,467
Bonds payable:			
Bonds payable	-	74,475,000	74,475,000
Unamortized bond discount/premium	-	1,665,175	1,665,175
Deferred amount on refunding	-	(2,242)	(2,242)
Bonds payable, net	-	76,137,933	76,137,933
Net other post-employment benefit obligation	-	1,418,243	1,418,243
Total non-current liabilities	5,830,517	78,373,141	84,203,658
Total liabilities	**17,137,809**	**84,631,482**	**101,769,291**
NET ASSETS (DEFICIT)			
Invested in capital assets, net of related debt	102,663,825	(5,706,378)	96,957,447
Restricted for: Capital projects	2,815,281	985	2,816,266
Debt service	-	1,728,754	1,728,754
Public services	663,050	-	663,050
Culture and recreation	2,075,532	-	2,075,532
Unrestricted	(4,548,015)	3,560,782	(987,233)
Total net assets (deficit)	**$103,669,673**	**($415,857)**	**$103,253,816**

See accompanying notes to financial statements.

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**	**Business Type Activities**	**Total**
GOVERNMENTAL ACTIVITIES						
General government	$116,029	$ -	$ -	($116,029)	$ -	($116,029)
Public services	2,243,900	-	4,789	(2,239,111)	-	(2,239,111)
Culture and recreation	21,615,115	16,920,726	161,060	(4,533,329)	-	(4,533,329)
Economic development	123,822	-	14,816	(109,006)	-	(109,006)
Interest on long-term debt	177,776	-	-	(177,776)	-	(177,776)
Total governmental activities	24,276,642	16,920,726	180,665	(7,175,251)	-	(7,175,251)
BUSINESS-TYPE ACTIVITIES						
Golf courses	9,082,464	8,480,681	2,276	-	(599,507)	(599,507)
Fairgrounds	6,652,230	-	430	-	(6,651,800)	(6,651,800)
Financial services	1,691,386	966,370	-	-	(725,016)	(725,016)
Total business-type activities	17,426,080	9,447,051	2,706	-	(7,976,323)	(7,976,323)
Total	**$41,702,722**	**$26,367,777**	**$183,371**	**(7,175,251)**	**(7,976,323)**	**(15,151,574)**
GENERAL REVENUES						
TAXES						
Tax incremental financing property taxes				695,190	-	695,190
Unrestricted investment income				33,919	25,875	59,794
TRANSFERS						
Transfers				1,639,204	3,809,986	5,449,190
Total transfers				**1,639,204**	**3,809,986**	**5,449,190**
Changes in net deficit				**(4,806,938)**	**(4,140,462)**	**(8,947,400)**
Beginning Balance						
Net assets-beginning, as previously reported				109,384,356	22,761,114	132,145,470
Prior period adjustment				(907,745)	(19,036,509)	(19,944,254)
Net assets-beginning, as restated				108,476,611	3,724,605	112,201,216
Net assets (deficit)-ending				**$103,669,673**	**($415,857)**	**$103,253,816**

See accompanying notes to financial statements.

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2011

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

	General Purpose Fund
ASSETS	
Pooled cash	$4,797,072
Non-pooled cash	1,000
Investments	6,499,790
Property taxes receivable	2,981
Accounts receivable	261,100
Interest, dividends, and royalties receivable	55,847
Due within the Authority	2,833
Due from other funds	514,512
Receivable from component units	2,288
Other assets	5,040,880
Total assets	**$17,178,303**
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	$1,354,095
Due to other funds	1,479,856
Tax anticipation debt	8,000,000
Deferred revenue	331,577
Advance from other funds	4,379,839
Total liabilities	15,545,367
FUND BALANCES	
Restricted	4,628,079
Committed	9,564
Unassigned	(3,004,707)
Total fund balance	1,632,936
Total liabilities and fund balance	**$17,178,303**

RECONCILIATION OF THE BALANCE SHEET, GOVERNMENTAL FUND TO THE STATEMENT OF NET ASSETS, GOVERNMENTAL ACTIVITIES

Total fund balance	$1,632,936
Capital assets, net of accumulated depreciation	103,629,179
Deferred revenue earned but not available	12,496
Long-term notes payable, current	(128,439)
Long-term notes payable, non-current	(1,450,678)
Interest on long-term notes payable	(25,821)
Net assets-governmental activities	**$103,669,673**

See accompanying notes to financial statements.

	General Purpose Fund
REVENUES	
Tax incremental financing property taxes	$695,188
Investment income	135,103
Public events charges	15,013,011
Other charges for services	919,901
Rental income	987,814
Intergovernmental programs	113,102
Total revenues	**17,864,119**
EXPENDITURES	
CURRENT	
General government	94,013
Public services	1,533,842
Culture and recreation	18,595,513
Economic development	82,587
Capital Outlay	10,512,203
DEBT SERVICE	
Principal	120,942
Interest	181,212
Total expenditures	**31,120,312**
Deficiency of revenues under expenditures	**(13,256,193)**
OTHER FINANCING SOURCES (USES)	
Transfers within the Authority	54,187
Transfers from other funds	5,972,164
Transfers to other funds	(4,387,147)
Net other financing sources	**1,639,204**
Net change in fund balance	**(11,616,989)**
Fund balance, beginning	13,249,925
Fund balance, ending	**$1,632,936**

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	($11,616,989)
Capital outlay	10,512,203
Depreciation expense	(3,565,520)
Loss on disposal of assets	(227,391)
Recognition of earned but unavailable fund revenue	(33,619)
Debt principal paid	120,942
Interest payable on long-term debt	3,436
Change in net deficit-governmental activities	**($4,806,938)**

See accompanying notes to financial statements.

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

	Enterprise Funds			
	Golf Courses Fund	Fairgrounds Fund	Financial Services Fund	Total
ASSETS				
Pooled cash	$387,087	$1,988,573	$8,223	$2,383,883
Non-pooled cash	1,157,885	906,567	-	2,064,452
Investments	929,819	4,720,963	10,274	5,661,056
Interest, dividends, and royalties receivable	1,568	216	-	1,784
Due within Authority	(2,833)	-	-	(2,833)
Inventories	317,823	-	-	317,823
Total current assets	2,791,349	7,616,319	18,497	10,426,165
NON-CURRENT ASSETS				
Deferred debt expense, net	64,226	967,927	-	1,032,153
Capital assets:				
Land and construction in progress	-	7,657,854	-	7,657,854
Other capital assets, net of accumulated depreciation	8,726,198	56,373,255	-	65,099,453
Capital assets, net	8,726,198	64,031,109	-	72,757,307
Total non-current assets	8,790,424	64,999,036	-	73,789,460
Total assets	**11,581,773**	**72,615,355**	**18,497**	**84,215,625**
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	416,326	1,759,010	-	2,175,336
Wages and benefits payable	237,301	-	-	237,301
Due to other funds	39,530	512,238	426	552,194
Compensated absences	61,535	-	-	61,535
Bond interest payable	66,662	860,313	-	926,975
Bonds payable	470,000	1,835,000	-	2,305,000
Total current liabilities	1,291,354	4,966,561	426	6,258,341
NON-CURRENT LIABILITIES				
Compensated absences	146,337	-	-	146,337
Advance from other funds	670,628	-	-	670,628
Bonds payable:				-
Bonds payable	7,995,000	66,480,000	-	74,475,000
Unamortized bond discount/premium	-	1,665,175	-	1,665,175
Deferred amount on refunding	(2,242)	-	-	(2,242)
Bonds payable, net	7,992,758	68,145,175	-	76,137,933
Net other post-employment benefit obligation	1,418,243	-	-	1,418,243
Total non-current liabilities	10,227,966	68,145,175	-	78,373,141
Total liabilities	**11,519,320**	**73,111,736**	**426**	**84,631,482**
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	352,589	(6,058,967)	-	(5,706,378)
Restricted for: Capital projects	985	-	-	985
Debt service	352,503	1,376,251	-	1,728,754
Unrestricted	(643,624)	4,186,335	18,071	3,560,782
Total net assets (deficit)	**$62,453**	**($496,381)**	**$18,071**	**($415,857)**

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

	Enterprise Funds			
	Golf Courses Fund	Fairgrounds Fund	Financial Services Fund	Total
OPERATING REVENUES				
CHARGES FOR SERVICES				
Green fees	$4,783,001	$ -	$ -	$4,783,001
Concessions	1,414,541	-	-	1,414,541
Natural gas charges	-	-	966,370	966,370
Other charges	4,237	-	-	4,237
Total charges for services	6,201,779	-	966,370	7,168,149
Golf cart rentals	2,216,421	-	-	2,216,421
Total operating revenues	**8,418,200**	**-**	**966,370**	**9,384,570**
OPERATING EXPENSES				
Personal services	3,176,126	-	-	3,176,126
Maintenance, operations, and contractual services	2,135,554	5,590	893,549	3,034,693
Materials and supplies	1,919,930	1,811	-	1,921,741
Depreciation	1,308,824	4,418,141	218,013	5,944,978
Total operating expenses	**8,540,434**	**4,425,542**	**1,111,562**	**14,077,538**
Operating loss	**(122,234)**	**(4,425,542)**	**(145,192)**	**(4,692,968)**
NON-OPERATING REVENUE (EXPENSE)				
Investment income	9,960	14,125	4,496	28,581
Interest on bonds and notes	(380,156)	(2,141,295)	-	(2,521,451)
Amortization	(4,753)	(85,393)	-	(90,146)
Other expense	(94,626)	(1)	(579,826)	(674,453)
Net non-operating expense	**(469,575)**	**(2,212,564)**	**(575,330)**	**(3,257,469)**
Loss before transfers	**(591,809)**	**(6,638,106)**	**(720,522)**	**(7,950,437)**
TRANSFERS				
Transfers within the Authority	-	-	(54,187)	(54,187)
Transfers from other funds	1,007,740	9,772,882	-	10,780,622
Transfers to other funds	-	-	(6,916,460)	(6,916,460)
Total transfers	1,007,740	9,772,882	(6,970,647)	3,809,975
Changes in net assets (deficit)	**415,931**	**3,134,776**	**(7,691,169)**	**(4,140,462)**
Beginning assets (deficit)				
Total net assets, beginning, as previously reported	(230,956)	15,282,830	7,709,240	22,761,114
Prior period adjustment	(122,522)	(18,913,987)	-	(19,036,509)
Total net assets (deficit), beginning, as restated	(353,478)	(3,631,157)	7,709,240	3,724,605
Total net assets (deficit), ending	**$62,453**	**($496,381)**	**$18,071**	**($415,857)**

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

	Enterprise Funds			
	Golf Courses Fund	Fairgrounds Fund	Financial Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$8,413,490	$ -	$966,368	$9,379,858
Cash payments to suppliers for goods and services	(4,200,853)	(7,401)	(893,547)	(5,101,801)
Cash payments to employees and professional contractors for services	(4,168,326)	-	-	(4,168,326)
Cash payments for internal services	(48,964)	-	-	(48,964)
Other cash receipts	58,486	-	-	58,486
Net cash provided (used) by operating activities	**53,833**	**(7,401)**	**72,821**	**119,253**
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers received from (paid to) other funds	1,012,239	10,677,766	(818,466)	10,871,539
Net cash provided (used) by non-capital financing activities	**1,012,239**	**10,677,766**	**(818,466)**	**10,871,539**
CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES				
Payments for acquisition and contraction of capital assets	(91,848)	(4,159,619)	-	(4,251,467)
Principal paid on long-term debt	(1,761,054)	(1,745,000)	-	(3,506,054)
Interest paid on long-term debt	(438,966)	(3,476,150)	-	(3,915,116)
Proceeds from sale of assets	-	309,999	-	309,999
Net cash provided (used) by capital and capital related financing activities	**(2,291,868)**	**(9,070,770)**	**-**	**(11,362,638)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of investments	(29,448,163)	(15,446,596)	-	(44,894,759)
Proceeds from sale of investments	30,425,108	19,109,278	-	49,534,386
Changes in pooled investments	43,500	(2,414,616)	501,068	(1,870,048)
Investment income received	10,365	14,210	8,274	32,849
Net cash provided by investing activities	**1,030,810**	**1,262,276**	**509,342**	**2,802,428**
Net increase (decrease) in cash	**(194,986)**	**2,861,871**	**(236,303)**	**2,430,582**
Cash, beginning	1,739,958	33,269	244,526	2,017,753
Cash, ending	**$1,544,972**	**$2,895,140**	**$8,223**	**$4,448,335**
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVTIES				
Operating loss	($122,234)	($4,425,542)	($145,192)	($4,692,968)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVTIES				
Depreciation	1,308,824	4,418,141	218,013	5,944,978
Other revenue (expense)	62,471	-	-	62,471
(Increase) decrease in due from other funds	(141,501)	-	-	(141,501)
(Increase) decrease in inventories	(4,112)	-	-	(4,112)
Increase (decrease) in accounts payable	(161,112)	-	-	(161,112)
Increase (decrease) in wages and benefits payable	(42,720)	-	-	(42,720)
Increase (decrease) in due to other funds	167,195	-	-	167,195
Increase (decrease) in compensated absences	16,433	-	-	16,433
Increase (decrease) in net other post-employment benefit obligation	(1,029,411)	-	-	(1,029,411)
Total adjustments	176,067	4,418,141	218,013	4,812,221
Net cash provided (used) by operating activities	**$53,833**	**($7,401)**	**$72,821**	**$119,253**
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Net increase (decrease) in fair value of investments	$411	($2,166)	$ -	($1,755)
Transfer of capital assets from (to) other funds	-	-	(6,151,754)	(6,151,754)
Total non-cash investing, capital, and financing activities	**$411**	**($2,166)**	**($6,151,754)**	**($6,153,509)**

See accompanying notes to financial statements.

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 year ended June 30, 2011.

I. B. BASIS OF PRESENTATION

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

Due to restrictions of the state constitution relating to the issuance of municipal debt, the City of Oklahoma City (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 a blended component unit of the City and is included in the City's financial reporting entity. 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.

I. B. 2. BASIC FINANCIAL STATEMENTS

Authority-wide Financial Statements

The Authority-wide financial statements include the statement of net assets 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, enterprise and (proprietary) funds. All funds of the Authority are considered major.

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

The financial statements of the Authority are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The Authority applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Authority-wide business-type activities and enterprise fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The Authority does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

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, 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 assets.

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.

<u>Enterprise Funds</u>
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 transfers from the City for Hotel/Motel tax revenues dedicated for debt service and certain capital assets, bonded debt, and other transactions related to the operating and management agreements with the State Fair of Oklahoma, Inc.

Financial Services Fund:
The City currently has 37 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. Previously, these activities were reported in the General Purpose Fund.

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 AND LIABILITIES

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 March 2011. 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.

I. D. 2. INVENTORIES

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

I. D. 3. 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.

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. 4. 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.

Certain outstanding balances (due to/from and advances from) have not been eliminated in the Authority-wide statements because they include amounts due to/from the City.

Net transfers reported on the statement of changes in net assets do not net to zero. The amounts reported include transfers to/from the primary government. Transfers within the Authority net to zero and are presented separately.

I. D. 5. 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. 6. CAPITAL ASSETS AND DEPRECIATION

The Authority generally capitalizes assets with cost of $7,500 or more. 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. 7. DEBT, DEFERRED DEBT EXPENSE AND BOND DISCOUNT

In the Authority-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond and lease issuance costs, 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. Issuance costs and principal payments are reported as expenditures.

I. D. 8. 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. 9. 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. 10. TAX INCREMENTAL FINANCING (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. The Authority uses TIF to stimulate economic development.

I. D. 11. 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 non-current receivables and advances.

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 Trust uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Net Assets

Net assets invested in capital assets, net of related debt and legally restricted amounts are separated from unrestricted net assets.

Net Assets Invested in Capital Assets, Net of Related Debt
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 assets.

Restricted Net Assets
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 assets restricted for capital projects include unspent debt proceeds legally restricted for capital outlays. Restricted net assets also include purpose restrictions from enabling legislation and other external sources.

I. D. 12. RISK FINANCING

The Authority's risk management activities reported with governmental activities are recorded in the City Risk Management Fund and the Oklahoma City Municipal Facilities Authority (OCMFA) Services Fund, internal service funds. 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 on a cost-reimbursement basis. These funds account for the risk financing activities of the Authority but do not constitute a transfer of risk from the Authority. Retiree health insurance claims liabilities are reported in the Oklahoma City Post-Employment Benefits Trust (OCPEBT).

Significant losses are covered by commercial insurance for all major programs except one employee health care alternative, unemployment compensation, and workers' compensation, for which the Authority retains risk of loss. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City records an estimated liability for indemnity health care, workers' compensation, torts, pollution remediation, and other claims against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience. Claims liabilities include specific, incremental claim adjustment expenses, allocated loss adjustment expenses, and are reduced for estimated recoveries on unsettled claims such as subrogation. The Authority does not recognize any liabilities related to risk financing.

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

I. E. 1. MAJOR REVENUES

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 rental and golf cart rental, and other non-operating revenue and interest income.

Non-operating interest income and transfers from the 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 August 3, 1982, 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 (Fairgrounds), 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.

A T & T Bricktown 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. 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.

Cox Convention Center, OKC Arena, and Civic Center Music Hall

The Authority leases the Cox Convention Center (Cox Center), OKC 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. Rental income from the property is equal to rental payments to the City reported with transfers.

Stage Center

On March 28, 2006, Authority Trustees agreed to assume management and operations of the Stage Center Theater Complex (Stage Center). The Stage Center is owned by the Arts Council of Oklahoma City (Arts Council) and annually hosts a variety of entertainment events. The Arts Council contracted with the Authority, in conjunction with the City Parks and Recreation Department, to manage and operate Stage Center to reduce the Arts Council's financial obligations related to the operation of the Stage Center and achieve certain economies of scale related to box office operations and the event booking process. The Stage Center sustained storm and flood damage in June, 2010, that made continued operation of Stage Center impossible. The agreement and lease were amended on November 23, 2010. Under the amended agreement, the Authority has agreed to provide inspection and oversight of maintaining the integrity of the Stage Center facility for $7,500 through June 30, 2011.

OKC Thunder

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

The OKC Thunder (Team) pays $1,640,000 in annual arena rent. Additional rent of $40,000 is to be paid for each pre-season and post-season home game. The Team pays the City the annual naming rights revenue it currently receives, $409,000. The Team pays annual practice facility rent of $100,000. Rent and naming rights fees are subject to periodic consumer price index adjustments, capped at 3% annually.

I. E. 3. MANAGEMENT AGREEMENTS

Cox Convention Center and OKC 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 OKC Arena.

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.

Interlocal Agreement

On December 15, 2009, the Authority made an interlocal agreement with the City of Tulsa for computerized box office service through June 30, 2011. The agreement authorized the Tulsa Performing Arts Center computerized ticketing system to process tickets sold by Internet or by outlet for events at Civic Center and Rose State Performing Arts Theater.

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. 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

Also, the professional management agreement was renewed for the management and operations of the Tennis Center at Earlywine Park for the term of January 14, 2010, through January 13, 2013.

Rose State College

In August, 2009, the third renewal of agreement with Rose State College and the Authority, was signed regarding the management of Rose State Performing Arts Theater, the term of the agreement was retroactive to July 1, 2009, and runs through June 30, 2011. Under the terms of the Memorandum of Agreement, the Civic Center staff is responsible for managing the theater and the City is reimbursed for all expenses incurred.

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 $1.00 to $4.50 for daily rounds and $250.00 to $562.50 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 fees to a savings account which is managed by the City Treasurer's Office and 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 $1.00 to $2.00 of each cart rentals to a savings account which is managed by the City Treasurer's Office and 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 LIABILITIES

II. A. ASSETS

II. A. 1. 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 on each of the 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 of solicited responses and certifications provided by financial institutions and recommendations of the City Treasurer.

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, 2011, the Authority's cash is collaterized with securities held by the pledging financial institution in the name of the Authority, less Federal depository insurance.

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.

	Fair Value/ Carrying Amount	Cost	Average Credit Quality/ Ratings (1)	Weighted Average Months to Maturity (2)
POOLED INVESTMENTS				
Money market funds	$2,921,104	$2,921,105	AAA/Aaa	1.28
Federal agency notes	4,149,844	4,175,800	AAA/Aaa	17.38
U.S. Treasury notes	2,094,453	2,167,656	N/A	17.83
Total pooled investments	9,165,401	9,264,561		
NON-POOLED INVESTMENTS				
Governmental Activities				
Money market funds	318,079	318,079	AAA/Aaa	1.28
Business-type Activities				
Money market funds	2,677,366	2,677,365	AAA/Aaa	1.28
Total non-pooled investments	2,995,445	2,995,444		
Total investments	**$12,160,846**	**$12,260,005**		

(1) Ratings are provided where applicable to indicate associated credit risk.

(2) Interest rate risk is estimated using weighted average months to maturity.

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. Additionally, no more than 5% of the total Authority portfolio may be placed with any single financial institution. U.S. government securities, SLGS, City judgments, repurchase agreements, and money market funds are excluded from these restrictions.

Portfolio Structure (1)

Investment Type Limitations Percentage of Total Invested Principal		Maturity Limitations 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

	Golf System Revenue Bonds	Fairgrounds Hotel Tax Revenue Bonds
Bond principal and interest	$419,162	$2,236,564
Construction accounts	21,640	-
	$440,802	**$2,236,564**

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 Department 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 Department.

II. A. 2. PROPERTY TAXES RECEIVABLE

Revenues include TIF property tax collections. TIF property taxes are designated TIF districts paid directly to the Trust. 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 Trust regardless of when cash is received. Over time, substantially all property taxes are collected. In 2011, the Authority recognized $2,981 in property tax receivable.

II. A. 3. INVENTORIES

Golf Courses	
Restaurant inventory	$51,620
Cart barn and driving range supplies	45,573
Maintenance and janitorial supplies	220,630
	$317,823

II. A. 4. OTHER ASSETS

On October 21, 1999, the Authority approved an agreement for management and other services with SMG. The agreement, as amended, is for the management of the Cox Center and the OKC Arena. SMG is compensated primarily through a flat management fee and an annual incentive fee based on financial performance. The current agreement is effective until June 30, 2013.

Operations and Assets Held by SMG

The operations of the Cox Center and the OKC Arena are revenues and expenses of the Authority and are reported in the statement of activities. Net assets of the operations are reported as other assets in the statement of net assets. The following schedule details the operations included in the financial statements of the Authority's General Purpose Fund:

OTHER ASSETS	
Net assets of operations of SMG, as of July 1, 2010	$3,753,177
OTHER CHARGES FOR SERVICES	
Operating revenues	13,297,078
Distributions to the City (transferred to General Purpose Fund)	(709,027)
Contributions from General Purpose Fund	4,484,538
	17,072,589
PROGRAM EXPENSES	
Operating expenses	18,496,024
Expenses paid by the City (utilities, etc)	(2,711,138)
	15,784,886
Other Asset – Net assets of operations of SMG, as of June 30, 2011	**$5,040,880**

Capital Assets Purchased by SMG on Behalf of the Authority

	Cost	Accumulated Depreciation	Net Book Value
Buildings	$418,412	$100,079	$318,333
Furniture, machinery, and equipment	1,128,074	408,135	719,939
	$1,546,486	**$508,214**	**$1,038,272**

Current year depreciation expense of $10,765 was reported with culture and recreation in the statement of activities.

II. A. 5. CAPITAL ASSETS

Changes in Capital Assets

	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
Primary Authority								
Governmental Activities								
CAPITAL ASSETS								
Balance, June 30, 2010								
As previously reported	$506,042	$37,400,295	$37,906,337	$20,995,675	$38,024,591	$9,489,878	$68,510,144	$106,416,481
Prior period adjustment	5,753,430	(23,046,093)	(17,292,663)	7,087,879	6,757,007	3,447,777	17,292,663	-
As restated	6,259,472	14,354,202	20,613,674	28,083,554	44,781,598	12,937,655	85,802,807	106,416,481
Increases	294,221	9,600,875	9,895,096	110,340	322,433	1,010,263	1,443,036	11,338,132
Decreases	-	(825,932)	(825,932)	(2,017)	(111,090)	(183,666)	(296,773)	(1,122,705)
Balance, June 30, 2011	6,553,693	23,129,145	29,682,838	28,191,877	44,992,941	13,764,252	86,949,070	116,631,908
ACCUMULATED DEPRECIATION								
Balance, June 30, 2010								
As previously reported				399,921	4,796,457	3,402,471	8,598,849	8,598,849
Prior period adjustment				186,459	1,550,182	(828,896)	907,745	907,745
As restated				586,380	6,346,639	2,573,575	9,506,594	9,506,594
Increases				587,554	1,577,229	1,400,737	3,565,520	3,565,520
Decreases				(156)	(58,352)	(10,877)	(69,385)	(69,385)
Balance, June 30, 2011				1,173,778	7,865,516	3,963,435	13,002,729	13,002,729
Total governmental activities	**6,553,693**	**23,129,145**	**29,682,838**	**27,018,099**	**37,127,425**	**9,800,817**	**73,946,341**	**103,629,179**
Business-type Activities								
CAPITAL ASSETS								
Balance, June 30, 2010								
As previously reported	2,004,837	79,121,918	81,126,755	15,988,217	20,740,909	7,802,121	44,531,247	125,658,002
Prior period adjustment	-	(74,234,894)	(74,234,894)	23,777,857	47,891,199	2,565,838	74,234,894	-
As restated	2,004,837	4,887,024	6,891,861	39,766,074	68,632,108	10,367,959	118,766,141	125,658,002
Increases	-	6,223,855	6,223,855	78,846	5,037,442	111,616	5,227,904	11,451,759
Decreases	-	(5,457,862)	(5,457,862)	(10,686,948)	(124,763)	(2,696,855)	(13,508,566)	(18,966,428)
Balance, June 30, 2011	2,004,837	5,653,017	7,657,854	29,157,972	73,544,787	7,782,720	110,485,479	118,143,333
ACCUMULATED DEPRECIATION								
Balance, June 30, 2010								
As previously reported				7,805,799	13,376,598	5,825,210	27,007,607	27,007,607
Prior period adjustment				1,926,319	16,661,289	448,901	19,036,509	19,036,509
As restated				9,732,118	30,037,887	6,274,111	46,044,116	46,044,116
Increases				680,079	4,409,268	855,631	5,944,978	5,944,978
Decreases				(4,038,543)	(123,910)	(2,440,615)	(6,603,068)	(6,603,068)
Balance, June 30, 2011				6,373,654	34,323,245	4,689,127	45,386,026	45,386,026
Total business-type activities	**2,004,837**	**5,653,017**	**7,657,854**	**22,784,318**	**39,221,542**	**3,093,593**	**65,099,453**	**72,757,307**
Total primary Authority	**$8,558,530**	**$28,782,162**	**$37,340,692**	**$49,802,417**	**$76,348,967**	**$12,894,410**	**$139,045,794**	**$176,386,486**

Depreciation Expense

Depreciation expense was charged to functions of the Authority as follows:

Governmental Activities		*Business-type Activities*	
General government	$22,016	Golf courses	$1,308,824
Culture and recreation	2,890,452	Fairgrounds	4,418,141
Public services	653,052	Financial Services	$218,013
	$3,565,520		$5,944,978

Capitalized Interest

	Total Interest Costs Incurred	Interest Revenue Used to Offset Interest Costs	Capitalized Interest
Business-type Activities			
Fairgrounds	$3,458,701	$430	$1,130,686

II. B. LIABILITIES

II. B. 1. DEFERRED REVENUE

Other revenue deferred in the governmental fund financial statements includes unearned revenue and revenue received more than 60 days following year-end (unavailable to pay liabilities of the current period). At June 30, 2011, revenue earned but unavailable by governmental activities is $319,079.

II. B. 2. COMPENSATED ABSENCES

Compensated absences balances changed from 2010 to 2011 by accruals of $103,828 and usages of $87,394.

II. B. 3. TAX ANTICIPATION DEBT

TIF District #4

In October 2004, Dell Incorporated (Dell) announced the selection of the City as the permanent site of the Dell Business Services Center. In November 2004, the City Council approved a Memorandum of Understanding (MOU) with Dell that outlined the incentives to be provided to Dell as a result of the selection of the City. The MOU required the City to provide land and infrastructure improvements to the site along with job creation grants. In December 2004, the Authority approved the incurrence of indebtedness to JP Morgan Chase for a $12 million line of credit (LOC) with a rate of London Interbank Offered Rate (LIBOR) (30 day) plus 45 basis points with full repayment due on or before December 15, 2006. The financing requires a moral (not legal) pledge by the City in the event that proceeds of the tax increment debt issued by a City beneficiary trust are insufficient to repay the LOC.

In March 2005, the Authority increased the line of credit by an additional $4 million to $16 million to fund a site improvement contract for dynamic compaction. On November 14, 2006, the Authority authorized the extension of the terms of the note that increased the amount to $16 million and extended the maturity date to December 1, 2007. On November 20, 2007 the Authority authorized an extension of the maturity date to December 1, 2008. On November 18, 2008, the Authority authorized an extension of the LOC maturity date to June 30, 2009; a decrease in the LOC from $16 million to $13 million; and an increase in interest rate to LIBOR (30 day) plus 90 basis points. On June 23, 2009 the Authority authorized an extension of the maturity date to June 30, 2010 and an increase in the interest rate to LIBOR plus 105 basis points. On June 21, 2011, the Authority authorized an extension of the LOC maturity date to June 30, 2012; a decrease in the LOC from $12 million to $11 million; and an increase in the interest rate to LIBOR plus 115 basis points. This indebtedness is reported in the General Purpose Fund.

Changes in Tax Anticipation Debt

Governmental Activities	Balance July 1, 2010	Issued	Retired	Balance June 30, 2011	Effective Interest Rate
General Purpose:					
TIF District #4	**$9,000,000**	**$ -**	**$1,000,000**	**$8,000,000**	1.2%

Pledged Revenues

The Authority issued tax anticipation notes to support its economic development activities. The OCPPA General Purpose Fund financial statements report revenue-supported debt. In 2011, the Authority recognized $695,184 in property taxes and $222,671 in transfers from the City for sales tax.

II. B. 4. LONG-TERM NOTES PAYABLE

Capital Financing Note Payable

On April 25, 2006, the Authority approved issuance of a capital financing note for the downtown underground improvement project relating to the funding of infrastructure improvements within the underground special improvement and assessment district. The downtown underground consists of a system of pedestrian tunnels used for below surface access to retail shops, restaurants, and other commercial outlets located in the tunnels, as well as, surface venue access through underground pedestrian routes protected from the weather and traffic. On May 11, 2006, the Authority issued the note to Bank of America Leasing and Capital LLC for $2,000,000 at an annual fixed rate of 6.364% with principal and interest payable August 1 for ten years, beginning August 1, 2007. At June 30, 2011 the balance due was $871,206 and $25,821 accrued interest.

Non-interest Bearing Note Payable

The Authority received a non-interest bearing loan of up to $780,000 from the Oklahoma Department of Commerce on November 2, 2004, for the remediation of hazardous waste materials in the Skirvin Hotel. Repayment of the loan was deferred for five years. Annual payments of $5,000 commence February 1, 2010. A loan origination fee of $15,600 will apply if the loan is not repaid in full prior to the maturity date of February, 2015. At June 30, 2011 the Authority has drawn $707,911 against the total. The balance is reported in the Authority-wide statements as notes payable, non-current.

Notes Payable Payment Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2012	$128,439	$56,327	$184,766
2013	136,421	48,354	184,775
2014	144,920	39,856	184,776
2015	841,879	30,808	872,687
2016	158,601	21,175	179,776
2017-2019	168,857	10,919	179,776
	$1,579,117	**$207,439**	**$1,786,556**

II. B. 5. REVENUE BONDS

Golf Courses Bonds

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

Fairgrounds 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.

On April 1, 2005, the Hotel Tax Revenue Bonds, Series 2005 were issued in the amount of $52,820,000 by the Authority for the purposes of financing costs of the construction and renovation of State Fair Park facilities to include parking and infrastructure improvements, establish a reserve fund, and pay certain issuance costs of the bonds.

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 Oklahoma Fairgrounds Facility is 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 Oklahoma City Public Property Hotel Tax Revenue Bonds, Series 2007A dated August 1, 2007 with an average interest rate of 4.24%. Total proceeds included $322,145 in premium/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, and parking lots and associated drainage.

Bonded Debt Service Requirements to Maturity

	Golf System Series 2010			Fairgrounds Series 2005			Fairgrounds Series 2007A		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	$470,000	$259,245	$729,245	$1,180,000	$2,599,325	$3,779,325	$655,000	$797,850	$1,452,850
2013	505,000	243,889	748,889	1,400,000	2,533,350	3,933,350	540,000	773,950	1,313,950
2014	525,000	227,666	752,666	1,630,000	2,457,600	4,087,600	415,000	754,850	1,169,850
2015	540,000	210,892	750,892	1,875,000	2,369,975	4,244,975	280,000	740,950	1,020,950
2016	555,000	193,646	748,646	1,970,000	2,273,850	4,243,850	145,000	732,450	877,450
2017-2021	3,060,000	689,378	3,749,378	11,500,000	9,721,014	21,221,014	795,000	3,568,819	4,363,819
2022-2026	2,810,000	180,495	2,990,495	15,070,000	6,146,136	21,216,136	975,000	3,381,653	4,356,653
2027-2031	-	-	-	15,320,000	1,661,100	16,981,100	1,210,000	3,144,178	4,354,178
2032-2036	-	-	-	-	-	-	13,355,000	918,788	14,273,788
	$8,465,000	**$2,005,211**	**$10,470,211**	**$49,945,000**	**$29,762,350**	**$79,707,350**	**$18,370,000**	**$14,813,488**	**$33,183,488**

Revenue Bonds Outstanding

	Amount Issued	Interest Rate %	Issue Date	Principal Maturity Date	Balance
Golf System, Series 1998	$13,495,000	3.25 - 5.25	10-1-98	9-1-10	$ -
Golf System, Series 2010	$8,465,000	3.25 - 5.25	9-1-10	10-1-23	8,465,000
Fairgrounds, Series 2005	52,820,000	4.0 - 5.5	4-1-05	10-1-30	49,945,000
Fairgrounds, Series 2007A	20,000,000	4.0 - 4.5	8-1-07	10-1-34	18,370,000
					$76,780,000

Bond Defeasance

Current Year Defeasance

OCPPA Golf System, Series 1998

On September 1, 2010, the Golf System Refunding Revenue Bonds Series 2010 (Series 2010 bonds) were issued for $8,465,000. The proceeds from the Series 2010 bonds, less issue costs of $68,979, along with the debt service reserve for the Golf System Refunding Revenue Bonds Series 1998 (Series 1998) of $954,625 and the balance of principal account of $450,000, were transferred to the Series 1998 redemption trust account and were used to call the Series 1998 bonds on October 1, 2010. The Series 1998 bonds had a balance of $9,780,000 leaving a balance of $20,656 which is to be used for future projects. The Series 1998 bonds carried an average interest rate of 5.15% while the Series 2010 bond issue interest rate is 3.15%. The aggregate difference in debt service requirements between the refunded debt and the refunding debt is $3,428,492. The Golf Courses Fund recognized a gain of $1,473,525 on the defeasance.

Outstanding Defeased Bonds

	Purpose	Bond Series	Defeased Balance	Outstanding Balance
Golf Courses Fund	Golf Courses	Series 1998	$9,780,000	$ -

Bond Coverage

	Golf System Series 2010	Fairgrounds Series 2005 and 2007A
Gross revenue, including non-operating revenues and transfers in	$9,962,953	$9,787,007
Direct operating expenses, excluding depreciation and amortization	7,800,843	7,401
Net revenue available for debt service	**$2,162,110**	**$9,779,606**
Principal amounts	$450,000	$1,745,000
Interest amounts	492,360	3,476,150
Total debt service requirements	**$942,360**	**$5,221,150**
Revenue bond coverage	**2.3**	**1.9**

The bond indentures require the payment of principal and interest before any other expenditures may be made. Gross revenues and expenses exclude James E. Stewart Golf Course. In addition, depreciation and amortization expenses are excluded from the direct operating expenses as they do not affect funds available for debt service. The required revenue bond coverage is 1.1 for golf system Series 2010. There is no required revenue bond coverage for Fairground Series 2005 and 2007A.

II. B. 6. CHANGES IN LONG-TERM DEBT

	Balance July 1, 2010	Issued	Retired	Balance June 30, 2011	Due Within One Year	Due After One Year
Primary Authority						
Governmental Activities						
Notes payable	$1,700,059	$ -	$120,942	$1,579,117	$128,439	$1,450,678
Business-type Activities						
COMPENSATED ABSENCES						
Golf Courses Fund	191,438	103,828	87,394	207,872	61,535	146,337
REVENUE BONDS						
Golf Courses Fund	9,780,000	8,465,000	9,780,000	8,465,000	470,000	7,995,000
Fairgrounds Fund	70,060,000	-	1,745,000	68,315,000	1,835,000	66,480,000
Total revenue bonds	79,840,000	8,465,000	11,525,000	76,780,000	2,305,000	74,475,000
Total business-type activities	**80,031,438**	**8,568,828**	**11,612,394**	**76,987,872**	**2,366,535**	**74,621,337**
Total primary Authority	**$81,731,497**	**$8,568,828**	**$11,733,336**	**$78,566,989**	**$2,494,974**	**$76,072,015**

II. B. 7. 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. The Authority recognized $8,418,200 in golf course revenues and $9,772,882 in hotel/motel tax transfers to the Fairgrounds fund in 2011.

II. B. 8. 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, 2011.

II. C. INTERFUND BALANCES

Due Within the Authority

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

	Golf Courses Fund					
DUE FROM	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	Golf Course System	Total
Lake Hefner	$ -	$80,000	$61,500	$ -	$ -	$141,500
Lincoln	-	-	-	517	-	517
Golf Course System	30,357	30,462	9,028	17,956	-	87,803
	$30,357	**$110,462**	**$70,528**	**$18,473**	**$ -**	**$229,820**

	Golf Courses Fund					
DUE TO	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	Golf Course System	Total
Lake Hefner	$ -	$ -	$ -	$ -	$30,357	$30,357
Lincoln	80,000	-	-	-	30,462	110,462
Trosper	61,500	-	-	-	9,028	70,528
Earlywine	-	517	-	-	17,956	18,473
	$141,500	**$517**	**$ -**	**$ -**	**$87,803**	**$229,820**

Advance from Lake Hefner to Lincoln

During 2001, Lincoln Park Golf Course received an advance from Lake Hefner Golf Course in the amount of $155,000. The loan was used for operations due to the renovation of the golf course. The balance of this advance is $80,000 as of June 30, 2011.

Advance from Lake Hefner to Trosper

During 2001, Trosper Park Golf Course received an advance from Lake Hefner Golf Course in the amount of $110,000. The purpose of the advance was for operations due to the renovation of the golf course green. The balance of this loan is $61,500 as of June 30, 2011.

Due Within the City

	Due from			
	City Information Technology Fund	City Airports Fund	Tax Incremental Financing Fund	Total
Governmental Activities				
General Purpose Fund	**$2,947**	**$667**	**$510,898**	**$514,512**

	Due to					
	City General Fund	Stormwater Drainage Fund	OCWUT Fund	City Capital Improvement Fund	City Hotel/Motel Tax Fund	Total
Governmental Activities						
General Purpose Fund	$91,915	$794	$1,387,147	$ -	$ -	$1,479,856
Business-Type Activities						
Golf Courses Fund	39,530	-	-	-	-	39,530
Fairgrounds Fund	44,886	471	-	-	466,881	512,238
Service Fund	-	-	-	426	-	426
	$176,331	**$1,265**	**$1,387,147**	**$426**	**$466,881**	**$2,032,050**

	Advance from			
	City General Fund	City and Schools Use Tax Fund	OCMFA Service Fund	Total
Governmental Activities				
General Purpose Fund	$928,266	$3,451,573	$ -	$4,379,839
Business-Type Activities				
Golf Courses Fund	-	-	670,628	670,628
	$928,266	**$3,451,573**	**$670,628**	**$5,050,467**

Advance From OCMFA

In February 2001, a loan for $407,253 from the OCMFA workers' compensation reserves to the Authority was approved for reconstruction of the greens at Trosper Park Golf Course. The loan is being repaid from a $1 per golf round surcharge increase, which was approved by resolution at the same time as the loan. The loan was refinanced in November 2004 for a longer period, at a lower interest rate of 4.6%, with the final payment due in March 2012. At June 30, 2011, the balance of this loan is $51,728 with accrued interest of $198.

In April 2006 a loan for $481,000 from the OCMFA workers' compensation reserves to the Authority was approved for the purchase of 140 new golf carts. The loan is being repaid from Lake Hefner Golf Course revenues. The loan was to be repaid over five years at an annual interest rate of 5.36% beginning June 1, 2006 with final payment made on May 1, 2011.

On February 26, 2008 a loan for $1,270,000 from the Worker's Compensation Reserves to the Authority was approved for the purchase of new golf carts. The loan was made to 3 golf courses as follows:

Earlywine Park Golf Course	$485,000
Lincoln Park Golf Course	505,000
Trosper Park Golf Course	280,000

The loan will be repaid over six years at an annual rate of 3.67% beginning April 1, 2008 with the final payment due March 1, 2014. The principal due at June 30, 2011 is $616,815 with accrued interest of $1,886.

Advance From City General Fund and City and Schools Use Tax Fund

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 LOC related to Tax Incremental Financing District #6. The loan is to be repaid by the General Fund and the General Purpose Fund over a seven year period at an interest rate of 2%. Once the Authority has repaid the scheduled amount to the City City and Schools Use Tax Fund, it is anticipated that the City General Fund will be repaid. The balance of the loan at June 30, 2011 is $1,058,961 including accrued interest of $51,532.

Advance From City and Schools Use Tax Fund

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% will be over a 10-year period. The balance of the loan at June 30, 2011 is $3,320,877 including $22,340 in accrued interest.

Annual Advance Payment Requirements to Maturity

	Advances from OCMFA			Advance from City General Fund			Advance from City City and Schools Use Tax Fund		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	$268,867	$20,005	$288,872	$ -	$ -	$ -	$299,198	$115,868	$415,066
2013	225,244	10,904	236,148	-	-	-	294,811	126,304	421,115
2014	174,432	2,673	177,105	-	-	-	312,539	114,836	427,375
2015	-	-	-	-	-	-	330,967	102,887	433,854
2016	-	-	-	-	-	-	342,846	90,438	433,284
2016-2021	-	-	-	876,735	84,491	961,226	1,753,585	246,415	2,000,000
2022	-	-	-	-	-	-	95,285	3,992	99,277
	$668,543	$33,582	$702,125	$876,735	$84,491	$961,226	$3,429,231	$800,740	$4,229,971

III. FUND EQUITY

III. A. FUND BALANCE

Adoption of New Accounting Standard

Effective July 1, 2010, the Authority implemented GASB Statement 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions. This statement requires the Authority to classify fund balances as spendable or non-spendable and to specifically identify restrictions or limitations on spendable amounts. Implementing this standard had no impact on reported total fund balances, only the classification of those fund balances.

Restricted Fund Balance

Restricted for business improvement districts	$708,018
Restricted for NBA operations	284,836
Restricted for Cox Convention Center maintenance	189,601
Restricted for OKC Arena maintenance	1,598,779
Restricted for Sports Facility maintenance and improvements	1,846,845
	$4,628,079

Committed Fund Balance

Committed for Metropolitan Area Projects Use Tax	**$9,564**

Assigned Fund Balance

Assigned for Metropolitan Area Projects support	$902,733
Assigned for the centennial land run project	1,600,848
Assigned for Fairgrounds electricity	55,855
Assigned for Civic Center parking	41,825
Assigned for Civic Center promotions	79,317
Assigned for water taxi and canal operations	188,856
Assigned for non-capital equipment replacement	180,441
Assigned for SMG operations	5,040,880
Assigned for Oklahoma River sediment removal	54,447
Reallocation for negative unassigned	(8,145,202)
	$ -

Unassigned

Unassigned	($2,702,490)
Restricted for TIF districts negative fund balance	(8,447,419)
Assigned for negative fund balance	8,145,202
	($3,004,707)

III. B. NET ASSETS

Prior Period Adjustment

A prior period adjustment was made to record accumulated depreciation through June 30, 2010 of $907,745 and $19,036,509 for recategorizations between depreciable and non-depreciable capital assets totaling $23,046,093 and $74,234,894 not previously moved in governmental and business-type activities, respectively. The governmental activities accumulated depreciation was increased by $2,163,398 for completed construction projects moved to depreciable capital assets and was reduced by $1,255,653 for artwork previously reported and depreciated as equipment. The effect of the prior period adjustment reduced previously reported 2010 changes in net assets of the Authority by $920,241 and $5,034,768 for governmental and business-type activities, respectively. The prior period adjustment had no effect on the previously reported 2010 changes in fund balance of the governmental fund of the Authority.

	Capital Assets	Depreciation
Governmental Activities	$23,046,093	$907,745
Business-type Activities		
Golf Courses	404,264	122,522
Fairgrounds	73,830,630	18,913,987
Total business-type activities	74,234,894	19,036,509
Total prior period adjustment	**$97,280,987**	**$19,944,254**

Invested in Capital Assets, Net of Related Debt

	Governmental Activities	*Business-type Activities*
Capital assets, net	$103,629,179	$72,757,307
Retainages and capital related accounts payable	(965,354)	(1,598,773)
Bonds payable, net	-	(78,442,933)
Bond accounts funded with bond proceeds	-	20,655
Bond issuance costs paid from bond proceeds	-	1,557,366
	$102,663,825	**($5,706,378)**

Restricted for Capital Projects

	Governmental Activities	*Business-type Activities*
Sports facility sales tax capital projects	$2,815,281	$ -
Bond construction account	-	21,640
Bond construction account funded with bond proceeds	-	(20,655)
	$2,815,281	**$985**

Restricted for Debt Service

	Governmental Activities	*Business-type Activities*
Bond principal and interest accounts	$ -	$2,655,726
Interest receivable on bond investments	-	3
Current bond interest payable	-	(926,975)
	$ -	**$1,728,754**

Restricted for Culture and Recreation

	Governmental Activities	Business-type Activities
Restricted for NBA operations	$285,155	$ -
Restricted for Cox Convention Center maintenance	189,814	-
Restricted for OKC Arena maintenance	1,600,563	-
	$2,075,532	**$ -**

Restricted for Public Services

	Governmental Activities	Business-type Activities
Restricted for TIF districts	$4,502	$ -
Restricted for business improvement districts	658,548	-
	$663,050	**$ -**

Unrestricted

	Governmental Activities	Business-type Activities
Unrestricted	$5,509,649	$3,560,782
Restricted for TIF districts negative net assets	(9,158,552)	-
Restricted for business improvement districts negative net assets	(899,112)	-
	($4,548,015)	**$3,560,782**

IV. REVENUES AND EXPENSES

IV. A. LEASE REVENUES

Cox Center and Civic Center Facilities are rented during the year for only a short period of time.

IV. B. INTERFUND TRANSFERS

Transfers Within the Authority

	Financial Services Fund
General Purpose Fund	**$54,187**

	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	$ -	$16,736	$7,224	$2,909	$ -	$411,043	$437,912
Lincoln	(16,736)	-	(149)	961	-	351,079	335,155
Trosper	(7,224)	149	-	(5,830)	(2,475)	61,233	45,853
Earlywine	(2,909)	5,350	(482)	-	-	239,546	241,505
James E. Stewart	-	-	2,475	-	-	-	2,475
Golf System	(411,042)	(351,079)	(61,233)	(239,546)	-	-	(1,062,900)
	($437,911)	**($328,844)**	**($52,165)**	**($241,506)**	**($2,475)**	**$1,062,901**	**$ -**

Transfers Within the City

	Governmental Activities	*Business-type Activities*			
	General Purpose Fund	Golf Courses Fund	Fairgrounds Fund	Financial Services Fund	Total
TRANSFER FROM					
City General Fund	$2,052,990	$1,002,292	$ -	$ -	$3,055,282
City Capital Improvement Fund	98,530	5,448	-	-	103,978
City Special Districts Fund	2,002,206	-	-	-	2,002,206
City Information Technology Fund	56,400	-	-	-	56,400
City Sports Facilities Use Tax Fund	1,255,042	-	-	-	1,255,042
City Hotel/Motel Fund	-	-	9,772,882	-	9,772,882
Tax Incremental Financing Fund	506,996	-	-	-	506,996
	$5,972,164	**$1,007,740**	**$9,772,882**	**$ -**	**$16,752,786**

	Governmental Activities	*Business-type Activities*			
	General Purpose Fund	Golf Courses Fund	Fairgrounds Fund	Financial Services Fund	Total
TRANSFER TO					
City Sports Facilities Sales Tax Fund	$3,000,000	$ -	$ -	$ -	$3,000,000
Oklahoma City Water Utilities Trust	1,387,147	-	-	-	1,387,147
City Capital Improvement Fund	-	-	-	6,916,460	6,916,460
	$4,387,147	**$ -**	**$ -**	**$6,916,460**	**$11,303,607**

Dependency on the City

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 June 23, 2009, this fee was extended through June 30, 2011. The revenue generated from the fee extensions will be deposited into each golf course operations account and transferred to the City General Fund. The City's subsidy transfers for the year are as follows: Lake Hefner Golf Course $30,747; Lincoln Park Golf Course $29,226; Trosper Park Golf Course $11,837; and Earlywine Park Golf Course $20,720.

James E. Stewart Golf Course received a subsidy from the City General Fund in the amount of $248,849 for operating expenses.

Administrative Chargebacks

The golf courses reimburse the City for the cost of providing financial and other services. Amounts charged are expensed during the period incurred. During fiscal year ending June 30, 2011, the golf courses reported charges for City services of approximately $92,529.

V. DEFINED BENEFIT PENSION PLAN - OKLAHOMA CITY EMPLOYEE RETIREMENT SYSTEM (OCERS)

V. A. PLAN DESCRIPTION

The OCERS is the administrator of a single employer defined benefit local government retirement plan for the Authority. 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, 2010. Actuarial valuations are performed annually.

Funding Policies, Contribution Methods and Benefit Provisions

Year established and governing authority	1958; City Council Ordinance
Determination of contribution requirements	Actuarially determined
Plan members	
Employer	6.77% of covered payroll
Plan members	6.0% of covered payroll
Funding of administrative costs	Investment earnings
Period required to vest	5 years
Cost of living increases	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 10 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 service, with benefits to begin at age 65 (60 with 10 years if Pre 3/67 hire)

Funding Policy

Contribution requirements are actuarially determined and established by City Council ordinance. The employer contributes 6.77% of covered payroll and the employee contributes 6.0% of covered payroll. Administrative costs are funded with investment earnings.

Benefit Provisions

The OCERS was established by City Council Ordinance in 1958 to hold funds in trust to provide pension, disability, and survivor benefits to its members.

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.

Cost of Living Adjustments

Retirement pension may be adjusted annually for changes in the Consumer Price Index. The maximum adjustment is 4% compounded annually.

Membership

	2011
Active employees - nonvested	692
Active employees - vested	1,612
Retirees and beneficiaries currently receiving benefits	1,283
Terminated plan members entitled to but not yet receiving benefits	81
	3,668

Annual Required Contributions - Actuarial Assumptions

Valuation date	12/31/10
Actuarial cost method	Individual entry age
Amortization method	Level percentage of payroll
Amortization period	25 years, closed
Actuarial asset valuation method	4-year smoothed market
Actuarial Assumptions	
Investment rate of return	8%
Cost of living benefit increases (maximum)	4%
Inflation	4.5%
Projected salary increases	4.5% to 8.3%
Mortality table	1994 group annuity table set forward 1 year for women and 3 years for men

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 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.

For the actuarial valuation dated December 31, 2010, the amortization period changed from 26 years, closed, to 25 years, closed.

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

V. B. ANNUAL PENSION COST, TREND INFORMATION, AND RESERVES

Annual Pension Cost and Trend Information

Fiscal Year	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2011	$7,132,772	100%	-
2010	5,585,595	100	-
2009	5,464,178	100	-

Reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits. 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.

V. C. FUNDING STATUS AND FUNDING PROGRESS

Actuarial value of plan assets (AVA)	$524,731,000
Actuarial accrued liability (AAL)	566,834,000
Unfunded actuarial accrued liability (UAAL)	42,103,000
Funded ratio (AVA/AAL)	93%
Covered payroll (active plan members)	102,915,000
UAAL as a percentage of covered payroll	40.9%

The required supplementary information schedules of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the AVA is increasing or decreasing over time relative to the AAL for benefits. Multi-year trend information is presented in the OCERS CAFR. The OCERS CAFR may be obtained from Finance Department, Accounting Services Division, 100 N. Walker, Suite 300, Oklahoma City, OK 73102.

VI. 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 109 participants comprised of City Council appointees and management personnel. The Authority currently has no participants in the plan.

VII. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

VII. 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

Year established and governing authority	2008; City Council Ordinance
Determination of contribution requirements	City Policy
Contribution rates:	
Employer	66% of premium
Plan members	34% of premium
Funding of administrative costs	Investment earnings
Period required to vest	5 years
Eligibility for distribution	General employees are eligible for membership in the Plan if they retire from the City on or after age 55 with 5 years of service or at any age with 25 years of service. Police officers are eligible for benefits under the Plan if they retire from the City with 20 years of service. Firefighters retiring before January 1, 2003 are eligible for membership. Participation may only be elected at the time of retirement.

Funding Policy

Contribution requirements are actuarially determined and established by City Council ordinance. Beginning January 1, 2011, the employer contribution rate changed from 68% of premium to 66% of premium. The employee contributes the balance of the premium. Administrative costs are funded with investment earnings.

Benefit Provisions

The City provides post-retirement healthcare benefits to its retirees. The Plan covers all current retirees who elected post-retirement medical coverage and future retired general employees.

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. General employees are eligible for membership in the Plan if they retire from the City on or after age 55 with 5 years of service or at any age with 25 years of service. Coverage for dependents can continue upon the death of the retiree. Spouses of employees who die in active service while eligible for benefits can receive coverage.

Membership

Active members	3,182
Retirees and beneficiaries currently receiving benefits	2,183
	5,365

Annual Required Contributions - Actuarial Assumptions

Valuation date	7/1/10
Actuarial cost method	Projected unit credit with linear proration to decrement
Amortization method	Level percentage of payroll
Amortization period	30 years, open
Actuarial asset valuation method	4-year smoothed market
Actuarial Assumptions	
Investment rate of return	4.9%
Blended discount rate method	The discount rate is based on the expected long-term return on the investments that are used to finance the benefit programs
Projected salary increases	3%
Health care trend rate	4.5% (5.0% for Medicare age)
Mortality table	RP 2000 combined mortality table projected to 2010 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.

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

VII. B. ANNUAL OPEB COSTS AND NET OPEB OBLIGATION, TREND INFORMATION, AND RESERVES

	Authority Funds (1)	Total
Annual required contribution	($1,032,776)	$39,559,528
Interest on net OPEB obligation	41,037	2,769,469
Adjustment to annual required contribution	(37,672)	(2,542,363)
Annual OPEB cost	(1,029,411)	39,786,634
Contributions made	-	(18,746,938)
Increase in net OPEB obligation	(1,029,411)	21,039,696
Net OPEB obligation, beginning of year	2,447,654	56,404,670
end of year	**$1,418,243**	**$77,444,366**

(1) In prior years, the allocation was based on the total number of employees in the Golf Courses Fund. Effective July 1, 2010, the net OPEB obligation allocation basis changed to total full-time employees in the Golf Courses Fund that are eligible to participate in the OPEB plan. The effect of this change resulted in an OPEB credit of $1,029,411 in 2011. The OPEB cost in 2010 was $2,280,886.

Trend Information

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	$39,786,634	$18,746,938	47.1%	$77,444,366
2010	35,775,474	19,424,748	54.3	56,404,670
2009	47,644,577	18,688,224	39.2	40,053,944

Reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits for either plan. The plans 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. C. FUNDED STATUS AND FUNDING PROGRESS

Actuarial value of plan assets (AVA)	$11,565,753
Actuarial accrued liability (AAL)	517,681,810
Unfunded actuarial accrued liability (UAAL)	506,116,057
Funded ratio (AVA/AAL)	2%
Covered payroll (active plan members)	175,293,051
UAAL as a percentage of covered payroll	288.7%

The required supplementary information schedules of funding progress 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.

VIII. CONSTRUCTION COMMITMENTS

Construction projects are substantially funded with revenue bonds. Active construction in progress remaining commitments are composed of park improvements in government activities totaling $11,393 and fairgrounds improvements totaling $744,820.

IX. 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.

X. SUBSEQUENT EVENTS

On September 13, 2011, the Authority approved issuance of Hotel Tax Revenue Bonds, Series 2011 in principal amount of $9,285,000. The Series 2011 bonds will be used to finance the construction and renovation of the Oklahoma City Fairgrounds facilities, primarily to Barns 4 and 5, and pay the cost of issuance of the Series 2011 Bonds.

Required Supplementary Information

DEFINED BENEFIT PENSION

I. SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/10	$524,731,000	$566,834,000	$42,103,000	92.6%	$102,915,000	40.9%
12/31/09	529,137,000	556,427,000	27,290,000	95.1	110,408,000	24.7
12/31/08	528,664,000	519,234,000	(9,430,000)	101.8	105,566,000	(8.9)
12/31/07	529,876,000	488,827,000	(41,049,000)	108.4	99,574,000	(41.2)
12/31/06	476,913,000	457,547,000	(19,366,000)	104.2	95,504,000	(20.3)
12/31/05	424,182,000	436,904,000	12,722,000	97.1	91,641,000	13.9

(1) Amounts are reported in even thousands

(2) Brackets indicate funding in excess of actuarial accrued liability.

II. SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year	Employer's Contribution Rate (1)	Annual Required Contribution	Percentage Contributed
2011	6.77%	$7,132,772	100%
2010	6.77	5,585,595	100
2009	5.04	5,464,178	100
2008	6.16	7,211,608	100
2007	7.94	8,479,329	100
2006	9.49	7,837,510	100

III. NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

See Note V. DEFINED BENEFIT PENSION PLAN - OKLAHOMA CITY EMPLOYEE RETIREMENT SYSTEM (OCERS) for actuarial assumptions and other information used to determine the annual required contributions.

OTHER POST-EMPLOYMENT BENEFITS

I. SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2010	$11,565,753	$517,681,810	$506,116,057	2.2%	$175,293,051	288.7%
7/1/2009	8,252,345	479,805,848	471,553,503	1.7	176,563,546	267.1
7/1/2008	5,000,000	635,125,217	630,125,217	0.8	171,420,918	367.6

II. SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year	Employer Contribution	Annual Required Contribution	Percentage Contributed
2011	$18,746,938	$39,559,528	47.4%
2010	19,424,748	35,614,202	54.5
2009	18,688,224	47,826,483	39.1

III. NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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Combining Statements and Schedules

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	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	$ -	$ -	$ -	$ -	$ -	$387,087	$387,087
Non-pooled cash	365,899	245,329	68,902	452,855	24,900	-	1,157,885
Investments	-	-	-	-	-	929,819	929,819
Interest, dividends, and royalties receivable	-	-	-	-	-	1,568	1,568
Due within golf courses	111,143	(109,945)	(70,528)	(18,473)	-	87,803	-
Due within Authority	(504)	(258)	-	-	-	(2,071)	(2,833)
Inventories	125,401	55,382	22,061	103,634	11,345	-	317,823
Total current assets	601,939	190,508	20,435	538,016	36,245	1,404,206	2,791,349
NON-CURRENT ASSETS							
Deferred debt expense, net	-	-	-	-	-	64,226	64,226
Capital assets:							
Other capital assets, net of accumulated depreciation	969,893	3,475,523	1,304,237	2,192,271	771,844	12,430	8,726,198
Capital assets, net	969,893	3,475,523	1,304,237	2,192,271	771,844	12,430	8,726,198
Total non-current assets	969,893	3,475,523	1,304,237	2,192,271	771,844	76,656	8,790,424
Total assets	**1,571,832**	**3,666,031**	**1,324,672**	**2,730,287**	**808,089**	**1,480,862**	**11,581,773**
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable	113,985	82,131	42,690	64,773	33,192	79,555	416,326
Wages and benefits payable	73,787	63,046	29,558	47,035	23,875	-	237,301
Due to other funds	-	-	-	-	-	39,530	39,530
Compensated absences	20,383	18,044	6,297	12,705	4,106	-	61,535
Bond interest payable	-	-	-	-	-	66,662	66,662
Bonds payable	-	-	-	-	-	470,000	470,000
Total current liabilities	208,155	163,221	78,545	124,513	61,173	655,747	1,291,354
NON-CURRENT LIABILITIES							
Compensated absences	62,083	26,952	10,296	33,967	13,039	-	146,337
Advance from other funds	-	246,020	136,406	236,276	-	51,926	670,628
Bonds payable:							
Bonds payable	-	-	-	-	-	7,995,000	7,995,000
Deferred amount on refunding	-	-	-	-	-	(2,242)	(2,242)
Bonds payable, net	-	-	-	-	-	7,992,758	7,992,758
Net other post-employment benefit obligation	461,924	374,373	164,729	303,217	114,000	-	1,418,243
Total non-current liabilities	524,007	647,345	311,431	573,460	127,039	8,044,684	10,227,966
Total liabilities	**732,162**	**810,566**	**389,976**	**697,973**	**188,212**	**8,700,431**	**11,519,320**
NET ASSETS (DEFICIT)							
Invested in capital assets, net of related debt	969,893	3,475,523	1,304,237	2,192,271	771,844	(8,361,179)	352,589
Restricted for: Capital projects	-	-	-	-	-	985	985
Debt service	-	-	-	-	-	352,503	352,503
Unrestricted	(130,223)	(620,058)	(369,541)	(159,957)	(151,967)	788,122	(643,624)
Total net assets (deficit)	**$839,670**	**$2,855,465**	**$934,696**	**$2,032,314**	**$619,877**	**($7,219,569)**	**$62,453**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
GOLF COURSES FUND
For the Year Ended June 30, 2011

	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
OPERATING REVENUES							
CHARGES FOR SERVICES							
Green fees	$1,609,749	$1,376,872	$563,913	$1,072,054	$160,413	$ -	$4,783,001
Concessions	571,461	414,456	195,461	225,055	8,108	-	1,414,541
Other charges	1,844	204	810	592	787	-	4,237
Total charges for services	2,183,054	1,791,532	760,184	1,297,701	169,308	-	6,201,779
Golf cart rentals	680,092	699,658	286,038	494,833	55,800	-	2,216,421
Total operating revenues	**2,863,146**	**2,491,190**	**1,046,222**	**1,792,534**	**225,108**	**-**	**8,418,200**
OPERATING EXPENSES							
Personal services	1,068,701	841,916	386,916	634,904	243,668	21	3,176,126
Maintenance, operations, and contractual services	361,742	321,472	192,480	262,247	59,131	938,482	2,135,554
Materials and supplies	685,041	598,439	236,374	319,518	80,558	-	1,919,930
Depreciation	308,924	352,519	161,759	381,906	95,264	8,452	1,308,824
Total operating expenses	**2,424,408**	**2,114,346**	**977,529**	**1,598,575**	**478,621**	**946,955**	**8,540,434**
Operating income (loss)	**438,738**	**376,844**	**68,693**	**193,959**	**(253,513)**	**(946,955)**	**(122,234)**
NON-OPERATING REVENUES (EXPENSES)							
Investment income	599	141	58	446	-	8,716	9,960
Interest on bonds and notes	(2,210)	(10,411)	(5,772)	(9,998)	-	(351,765)	(380,156)
Amortization	-	-	-	-	-	(4,753)	(4,753)
Other revenues (expenses)	(146,319)	2,318	2,436	(13,675)	(757)	61,371	(94,626)
Net non-operating revenues (expenses)	(147,930)	(7,952)	(3,278)	(23,227)	(757)	(286,431)	(469,575)
Income (loss) before transfers	**290,808**	**368,892**	**65,415**	**170,732**	**(254,270)**	**(1,233,386)**	**(591,809)**
TRANSFERS							
Transfers within the golf courses	(437,911)	(328,844)	(52,165)	(241,506)	(2,475)	1,062,901	-
Transfers from other funds	4,771	-	-	-	248,849	754,120	1,007,740
Total transfers	(433,140)	(328,844)	(52,165)	(241,506)	246,374	1,817,021	1,007,740
Changes in net assets (deficit)	**(142,332)**	**40,048**	**13,250**	**(70,774)**	**(7,896)**	**583,635**	**415,931**
Total net assets, beginning, as previously reported	1,091,669	2,815,417	921,446	2,103,088	640,628	(7,803,204)	(230,956)
Prior period adjustment	(109,667)	-	-	-	(12,855)	-	(122,522)
Total net assets, beginning, as restated	982,002	2,815,417	921,446	2,103,088	627,773	(7,803,204)	(353,478)
Total net assets (deficit), ending	**$839,670**	**$2,855,465**	**$934,696**	**$2,032,314**	**$619,877**	**($7,219,569)**	**$62,453**

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COMBINING STATEMENT OF CASH FLOWS
GOLF COURSES FUND

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

For the Year Ended June 30, 2011

	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
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers	$2,863,146	$2,491,189	$1,035,539	$1,798,509	$225,107	$ -	$8,413,490
Cash payments to suppliers for goods and services	(1,176,506)	(990,196)	(411,657)	(588,789)	(139,919)	(893,786)	(4,200,853)
Cash payments to employees and professional contractors for services	(1,428,628)	(1,073,853)	(502,551)	(847,102)	(316,192)	-	(4,168,326)
Cash payments for internal services	(18,136)	(16,390)	(8,969)	(3,767)	(1,702)	-	(48,964)
Other operating cash receipts	14,000	4,447	2,436	1,053	63	36,487	58,486
Net cash provided (used) by operating activities	**253,876**	**415,197**	**114,798**	**359,904**	**(232,643)**	**(857,299)**	**53,833**
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES							
Transfers received from (paid to) other funds	(441,127)	(314,963)	(56,408)	(237,831)	245,544	1,817,024	1,012,239
Net cash provided (used) by non-captal financing activities	**(441,127)**	**(314,963)**	**(56,408)**	**(237,831)**	**245,544**	**1,817,024**	**1,012,239**
CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES							
Payments for acquisition and construction of capital assets	(40,263)	(21,775)	-	(29,810)	-	-	(91,848)
Principal paid on long-term debt	(98,513)	(84,240)	(46,708)	(80,905)	-	(1,450,688)	(1,761,054)
Interest paid on long-term debt	(2,210)	(10,411)	(5,772)	(9,998)	-	(410,575)	(438,966)
Net cash provided (used) by captal and related financing activities	**(140,986)**	**(116,426)**	**(52,480)**	**(120,713)**	**-**	**(1,861,263)**	**(2,291,868)**
CASH FLOWS FROM INVESTING ACTIVITIES							
Payments for purchase of investments	-	-	-	-	-	(29,448,163)	(29,448,163)
Proceeds from sale of investments	-	-	-	-	-	30,425,108	30,425,108
Changes in pooled investments	-	-	-	-	-	43,500	43,500
Investment income received	599	141	57	446	-	9,122	10,365
Net cash provided by investing activities	**599**	**141**	**57**	**446**	**-**	**1,029,567**	**1,030,810**
Net increase (decrease) in cash	**(327,638)**	**(16,051)**	**5,967**	**1,806**	**12,901**	**128,029**	**(194,986)**
Cash, beginning	693,537	261,380	62,935	451,049	11,999	259,058	1,739,958
Cash, ending	**$365,899**	**$245,329**	**$68,902**	**$452,855**	**$24,900**	**$387,087**	**$1,544,972**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES							
Operating income (loss)	**$438,738**	**$376,844**	**$68,693**	**$193,959**	**($253,513)**	**($946,955)**	**($122,234)**
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) OPERATING ACTIVTIES							
Depreciation	308,924	352,519	161,759	381,906	95,264	8,452	1,308,824
Other revenue	13,996	4,441	2,424	1,045	71	40,494	62,471
Changes in assets and liabilities:							
(Increase) decrease in due from other funds	(133,486)	3,880	(10,682)	5,976	-	(7,189)	(141,501)
(Increase) decrease in inventories	9,194	(5,477)	2,151	(7,577)	(2,403)	-	(4,112)
Increase (decrease) in accounts payable	(161,964)	(28,647)	8,970	7,429	(342)	13,442	(161,112)
Increase (decrease) in wages and benefits payable	(17,666)	(15,434)	(2,478)	(10,503)	3,361	-	(42,720)
Increase (decrease) in due to other funds	138,338	(2,593)	(1,037)	(1,970)	-	34,457	167,195
Increase (decrease) in compensated absences	6,595	1,607	3,318	3,152	1,761	-	16,433
Increase (decrease) in net other post-employment benefit obligation	(348,793)	(271,943)	(118,320)	(213,513)	(76,842)	-	(1,029,411)
Total adjustments	(184,862)	38,353	46,105	165,945	20,870	89,656	176,067
Net cash provided (used) by operating activities	**$253,876**	**$415,197**	**$114,798**	**$359,904**	**($232,643)**	**($857,299)**	**$53,833**
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES							
Net increase (decrease) in fair value of investments	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$411**	**$411**

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Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Oklahoma City Public Property Authority (the Authority), a component unit of the City of Oklahoma City, Oklahoma (the City), as of and for the year ended June 30, 2011, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 5, 2011, which contained a reference to the report of other accountants and includes explanatory paragraphs disclosing that the prior year financial statements have been restated. We conducted our audit 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. The financial statements of The Combined Operations of the Cox Convention Center and The Ford Center as Managed by SMG, which are reported within the Authority's governmental activities and general purpose fund financial statements, were not audited in accordance with *Government Auditing Standards.*

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 11-01 to be a material weakness.

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*.

We also noted certain matters that we reported to the Authority's management in a separate letter dated December 5, 2011.

The Independent Accountants' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* of the City should be read in conjunction with this report.

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, the City and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

December 5, 2011

Oklahoma City Public Property Authority

Schedule of Findings and Responses

Year Ended June 30, 2011

Reference Number	Finding
11-01	Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal control over financial reporting.

Condition – In the prior year's audit, we communicated a material weakness concerning controls over capital asset accounting. The Accounting Services Division of Finance Department (the Finance Department) implemented additional control procedures in response to our finding. As a result, it was determined during the current year that certain fixed assets had not been accurately reclassified in prior periods from construction in progress to the appropriate fixed asset categories upon completion of the associated project(s) and artwork had previously been reported depreciated on equipment. This resulted in an incorrect depreciation expense in prior years. This matter required a restatement of the prior year's financial statements.

Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.

Effect – Material misstatements in the financial statements resulted from errors that occurred and were not detected and/or corrected in a timely manner, resulting in a restatement of prior year's financial statements.

Cause – The completion status of construction in progress was not properly monitored in prior years.

Recommendation – We recommend depreciation begin when construction in progress is substantially complete and the assets are placed in service, and artwork be classified correctly to ensure it is not depreciated. We acknowledge that significant efforts have been made to improve controls over capital asset accounting and recommend the Finance Department continue to look for additional ways to further improve controls and reconciliations relating to capital assets as well as developing additional procedures to ensure the Finance Department is properly notified of asset status.

Views of Responsible Officials and Planned Corrective Actions – By policy, depreciation is begun when the City Council and Public Trusts place assets in service through their acceptance at meetings. We have changed the process from a departmental notice to the Finance Department of these completed projects to a process requiring the Finance Department to reconcile these notices to the various Board agendas. This reconciliation should ensure all completed projects are recorded timely. In addition, we have implemented a capital assets manual that should communicate capital asset requirements to all departments and guide capitalization procedures in the Finance Department. The capital assets manual addresses the proper classification and treatment of artwork.

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