

ROOTED IN STABILITY



OKLAHOMA CITY RIVERFRONT
REDEVELOPMENT AUTHORITY

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OKLAHOMA CITY RIVERFRONT REDEVELOPMENT AUTHORITY

A Discrete Component Unit of
Oklahoma City, Oklahoma

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Management

James D. Couch, General Manager

Wendel Whisenhunt, Surrogate General Manager

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

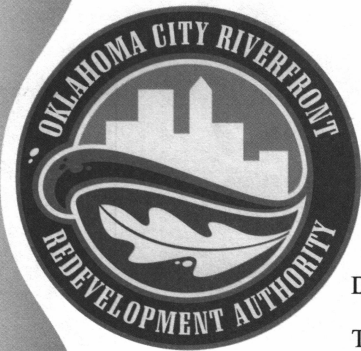
Introductory Section

OKLAHOMA CITY RIVERFRONT REDEVELOPMENT AUTHORITY

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December 2, 2011

The Board of Trustees
Oklahoma City Riverfront Redevelopment Authority

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Chairman
Mayor Mick Cornett
Wayne Stone
Gary Marrs
Larry McAtee
Ann Simank
Brian Dougherty
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Don Kasperleit
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General Manager
James D. Couch

Director of
Development
Pat Downes

Surrogate
General Manager
Wendel Whisenhunt

The Oklahoma City Riverfront Redevelopment 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, has prepared this report in compliance with generally accepted accounting principles in the United States. 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 reports of independent accountants, management's discussion and analysis (MD&A), financial statements, and related notes. Management's narrative on the financial activities of the Authority for 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. The Authority is a discretely presented component unit of the City of Oklahoma City (City) and, as such, is included within the City's Comprehensive Annual Financial Report (CAFR).

The Authority was established by City Council resolution on March 19, 1985, as the successor to the North Canadian River Corridor Master Plan (Master Plan) known as "a String of Pearls". The Master Plan called for improvement and beautification of land along and adjacent to the Oklahoma River and its various tributaries. The Authority continues to pursue the concepts contained in the Master Plan in an effort to transform the Oklahoma River Corridor (River) into a major focal point and source of pride to the City.

Completion of the original MAPS river and canal projects in 2004, totaling some \$39 million, paved the way for waterfront events and privately funded developments which would have been impossible absent the voters' approval of that landmark ballot initiative in December 1993. From the Devon Energy Holiday Boat Parade to the Oklahoma City Nationals Drag Boat Races, and from the World Wakeboard Series to the declaration of the Oklahoma River as a United States Olympic Committee Training Site, it is clear that the impoundment of water has forever transformed the former drainage ditch into a powerful economic development engine for the City.

The Authority continues to provide direction and policy oversight for events and developments contemplated along the river corridor. Projects in which the Authority continues to be involved include the American Indian Cultural Center and Museum, Devon Boathouse, Chesapeake Boathouse, Chesapeake Finish Line Tower, infrastructure to support operations of the Oklahoma River Cruises watercraft, and three recently-opened riverfront hotels near Meridian Avenue. Additional significant private sector projects have been proposed, including a mixed use development at Western Avenue, and equine-based development on the riverfront in the Stockyards District, and continued redevelopment of the Crystal Lake compound designed to serve disadvantaged youth.

Voter approval of the MAPS3 program of work in December 2009 has set the stage for additional progress on Oklahoma City's riverfront. The resultant \$60 million public investment in river-related projects and improvements has already begun to generate even greater interest in corridor development. The Authority works closely with the MAPS3 Citizens Committee and staff, and the Authority itself is represented on the related MAPS3 Subcommittee by sitting members of the Authority.

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.

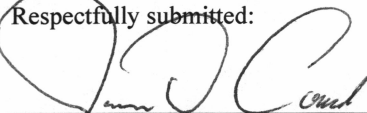
Oklahoma City's continued high rankings among metropolitan cities in the United States promises an immediate and sustainable economic growth outlook for the next few years. The City was ranked number 1 in America's Most Affordable City by Forbes Magazine (October 28, 2010); #1 in Tech Job Growth by Tech-America 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.

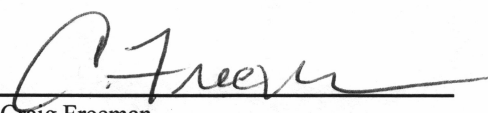
The Mayor, his appointed surrogate, and three City Council members serve as the Authority's Trustees with five other Trustees appointed by the Mayor and approved by the City Council. The Authority participates in the City's comprehensive accounting and budgetary system. Interim financial statements provide Authority management and other interested readers with regular financial analyses. Additionally, the Authority's management maintains budgetary controls to ensure compliance with legal provisions.

By City Council resolution, public trusts of which the City is the beneficiary are encouraged to use the independent accountant 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.

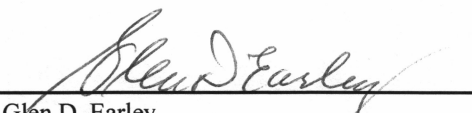
Respectfully submitted:



James D. Couch
General Manager

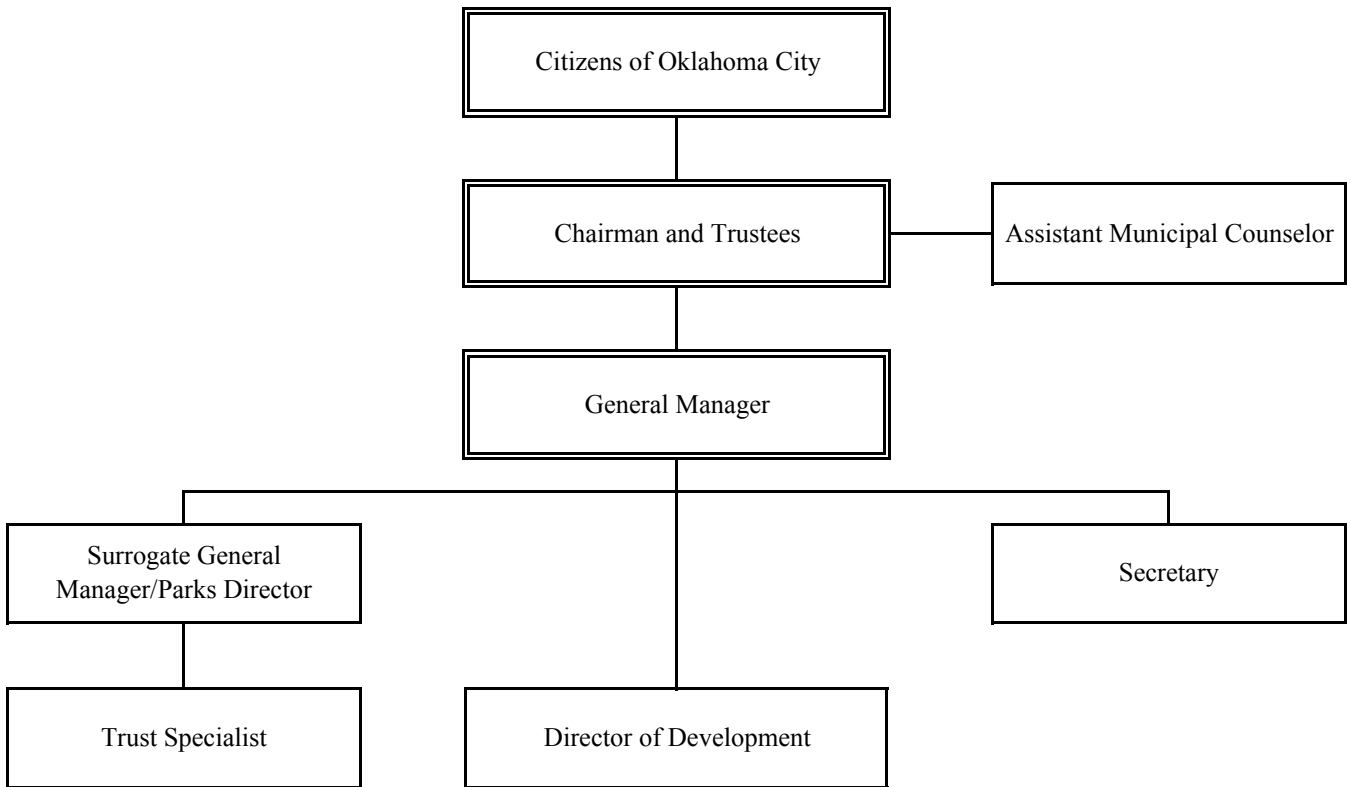


Craig Freeman
City of Oklahoma City Finance Director



Glen D. Earley
City of Oklahoma City Controller

Oklahoma City Riverfront Redevelopment Authority Organization Chart



Financial Section

Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Trustees
Oklahoma City Riverfront Redevelopment Authority
Oklahoma City, Oklahoma

We have audited the accompanying basic financial statements of the governmental activities and each fund of Oklahoma City Riverfront Redevelopment Authority (the Authority), a component unit of the City of Oklahoma City, Oklahoma, as of and for the years ended June 30, 2011 and June 30, 2010, 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 an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each fund of the Authority as of June 30, 2011 and June 30, 2010, and its changes in financial position 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 balance in accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund-Type Definition*, by retroactively restating prior years' financial statements. GASB 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 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 as listed in the table of contents is not a required part of the basic financial statements but is 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.

BKD, LLP

December 2, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Oklahoma City Riverfront Redevelopment Authority (Authority) annual financial report, the Authority's management provides narrative discussion and analysis of the financial activities of the Authority for the fiscal years ended June 30, 2011 and 2010. The Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. Introductory information is available in the transmittal letter which precedes this discussion and analysis. The Authority is a discretely presented component unit of the City of Oklahoma City (City).

Financial Summary

- Authority assets exceeded liabilities by \$3,933,191 (net assets) for 2011. This compares to the previous year when assets exceeded liabilities by \$4,009,644.
- Total assets for the Authority decreased by \$90,722 (2.2%) to \$3,996,460 during 2011 and increased by \$1,123,615 (37.9%) to \$4,087,182 for 2010.
- Total liabilities for the Authority decreased by \$14,269 (18.4%) to \$63,269 during 2011 and decreased by \$238,244 (75.4%) to \$77,538 during 2010.
- Total net assets are comprised of the following:
 - (1) Investment in capital assets of \$3,398,194 at June 30, 2011 and \$3,487,547 at June 30, 2010 include property and equipment, net of accumulated depreciation.
 - (2) Unrestricted net assets of \$534,997 and \$522,097 at June 30, 2011 and 2010, respectively.
- The Authority's governmental fund reported an ending fund balance of \$517,828 this year. This compares to the prior year ending fund balance of \$511,314 for an increase of \$6,514 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 statements, (2) fund financial statements, and (3) notes to the 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 statements is the statement of net assets. This is the statement of 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 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. The Authority reports riverfront redevelopment activities.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Authority has only one fund, a governmental fund, which serves as the general fund of the Authority.

Governmental Fund

The governmental fund is reported in the fund financial statements and reports the riverfront redevelopment function 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.

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.

Financial Analysis

The Authority's net assets at fiscal year-end are \$3,933,191. This is a decrease of \$76,453 from last year's net assets of \$4,009,644. Overall the Authority's financial position declined during fiscal year 2011. A reclass in 2009 net assets has been made to properly report retainages and capital related accounts payable as part of invested in capital assets net of related debt instead of unrestricted net assets.

Summary of Net Assets

	2011	2010	2011-2010 Amount of Change	2011-2010 %	2009	2010-2009 Amount of Change	2010-2009 %
Assets							
Current assets	\$596,328	\$595,117	\$1,211	0.2%	\$621,614	(\$26,497)	(4.3%)
Capital assets, net	<u>3,400,132</u>	<u>3,492,065</u>	<u>(91,933)</u>	(2.6)	<u>2,341,953</u>	<u>1,150,112</u>	49.1
Total assets	<u>3,996,460</u>	<u>4,087,182</u>	<u>(90,722)</u>	(2.2)	<u>2,963,567</u>	<u>1,123,615</u>	37.9
Liabilities							
Current liabilities	<u>63,269</u>	<u>77,538</u>	<u>(14,269)</u>	(18.4)	<u>315,782</u>	<u>(238,244)</u>	(75.4)
Total liabilities	<u>63,269</u>	<u>77,538</u>	<u>(14,269)</u>	(18.4)	<u>315,782</u>	<u>(238,244)</u>	(75.4)
Net assets							
Invested in capital assets	3,398,194	3,487,547	(89,353)	(2.6)	2,128,445	1,359,102	63.9
Unrestricted net assets	<u>534,997</u>	<u>522,097</u>	<u>12,900</u>	2.5	<u>519,340</u>	<u>2,757</u>	0.5
Total net assets	<u>\$3,933,191</u>	<u>\$4,009,644</u>	<u>(\$76,453)</u>	(1.9)	<u>\$2,647,785</u>	<u>\$1,361,859</u>	51.4

Capital assets, net decreased \$92 thousand in 2011 primarily due to depreciation of the fixed assets constructed in fiscal year 2010. Capital assets increased \$1.15 million in 2010 primarily for construction related to Boathouse Row Projects of \$880 thousand, net of depreciation of \$40 thousand, and equipment purchases of \$358 thousand.

Current liabilities in 2011 decreased by \$14 thousand primarily due to recognition of previously deferred revenues of \$22 thousand for the construction of the City River Maintenance Facility. Current liabilities decreased by \$238 thousand in 2010 related to payments involving the clean-up costs of an abandoned oil well.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011 and 2010

**OKLAHOMA CITY RIVERFRONT
REDEVELOPMENT AUTHORITY**

	Summary of Changes in Net Assets						
	<u>2011</u>	<u>2010</u>	2011-2010	2011-2010	<u>2009</u>	2010-2009	2010-2009
			Amount of	%		Amount of	%
			<u>Change</u>	<u>Change</u>		<u>Change</u>	<u>Change</u>
Revenues							
Charges for services	\$600	\$183	\$417	227.9%	\$600	(\$417)	(0.7%)
Operating grants & contributions	3,332	1,639,979	(1,636,647)	(99.8)	1,588,542	51,437	0.0
General revenues	<u>245,704</u>	<u>275,022</u>	<u>(29,318)</u>	(10.7)	<u>373,144</u>	<u>(98,122)</u>	(26.3)
Total revenues	249,636	1,915,184	(1,665,548)	(87.0)	1,962,286	(47,102)	(2.4)
Program expenses	<u>326,089</u>	<u>553,325</u>	<u>(227,236)</u>	(41.1)	<u>441,713</u>	<u>111,612</u>	25.3
Changes in net assets (deficit)	(76,453)	1,361,859	(1,438,312)	(105.6)	1,520,573	(158,714)	(10.4)
Beginning net assets	<u>4,009,644</u>	<u>2,647,785</u>	<u>1,361,859</u>	51.4	<u>1,127,212</u>	<u>1,520,573</u>	134.9
Ending net assets	<u>\$3,933,191</u>	<u>\$4,009,644</u>	<u>(\$76,453)</u>	(1.9)	<u>\$2,647,785</u>	<u>\$1,361,859</u>	51.4

Operating grants and contributions decreased \$1.64 million. The Authority received \$3 thousand and \$845 thousand for the Shoreline Improvement, Boathouse Row Projects in 2011 and 2010, respectively, from the Oklahoma City Economic Development Trust and \$795 thousand for the Shoreline Improvement, Regatta Park Project in 2010, and the City's Capital Project Fund, respectively.

Within general revenues, the Authority reported net decreases of \$29 thousand in 2011 and \$98 thousand in 2010. Sand mining royalties have decreased \$34 thousand and \$97, respectively in 2011 and 2010 due to a decline in the construction industry. In 2011, oil and gas royalties increased \$5 thousand and \$1 thousand in 2010.

Program expenses in 2011 decreased by \$227 thousand due to the prior year costs associated with payments related to clean-up costs of an abandoned oil well of \$278 offset by increased costs to remove junk and debris of \$40 thousand and sod replacement near the boathouse of \$19 thousand. The \$112 thousand increase in 2010 was the result of payments related to the clean-up of an abandoned oil well.

Capital Assets

The Authority's capital assets at fiscal year-end are \$3,400,132. This is a decrease of \$91,933 from last year's capital assets of \$3,492,065.

	Capital Assets Net of Accumulated Depreciation						
	<u>2011</u>	<u>2010</u>	2011-2010	2011-2010	<u>2009</u>	2010-2009	2010-2009
			Amount of	%		Amount of	%
			<u>Change</u>	<u>Change</u>		<u>Change</u>	<u>Change</u>
Non-Depreciable Assets							
Land	\$32,144	\$22,544	\$9,600	42.6%	\$22,544	\$ -	0.0%
Construction in progress	<u>11,089</u>	<u>9,600</u>	<u>1,489</u>	15.5	<u>2,084,855</u>	<u>(2,075,255)</u>	(99.5)
Total non-depreciable assets	43,233	32,144	11,089	34.5	2,107,399	(2,075,255)	(98.5)
Depreciable Assets							
Infrastructure	2,906,592	2,966,198	(59,606)	(2.0)	68,183	2,898,015	4250.3
Equipment	<u>450,307</u>	<u>493,723</u>	<u>(43,416)</u>	(8.8)	<u>166,371</u>	<u>327,352</u>	196.8
Total depreciable assets	<u>3,356,899</u>	<u>3,459,921</u>	<u>(103,022)</u>	(3.0)	<u>234,554</u>	<u>3,225,367</u>	1375.1
	<u>\$3,400,132</u>	<u>\$3,492,065</u>	<u>(\$91,933)</u>	(2.6)	<u>\$2,341,953</u>	<u>\$1,150,112</u>	49.1

Capital assets decreased by \$92 thousand in fiscal year 2011 compared to an increase of \$1.15 million in fiscal year 2010. The decrease in 2011 was due primarily to depreciation expense. In 2010, the increase was primarily for completion of the Boathouse Row Projects. Boathouse Row Projects were completed and placed into service in 2011. In addition, the Authority's investment in capital assets, net of accumulated depreciation, for the fiscal years 2011 and 2010 changed by the amount of depreciation of \$106 thousand and \$40 thousand, respectively. See Note II. A. 4. for additional information regarding capital assets.

Economic Factors

Economic Environment

The national economic recession resulted in a continued decrease of investment earnings. The sand mining operations decreased in 2011 due to the decline in the construction industry.

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. Questions relating to the Authority's operations should be directed to the Authority's Director of Development, Oklahoma City Riverfront Redevelopment Authority, 200 N. Walker, Oklahoma City, Oklahoma 73102, (405) 631-8820.

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Basic Financial Statements

Authority-wide Financial Statements

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

* ***Governmental Activities*** – *Reports riverfront redevelopment activities and the general revenues of the Authority.*

Fund Financial Statements

Focus on the Authority's most significant funds.

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.

STATEMENTS OF NET ASSETS
June 30,

OKLAHOMA CITY RIVERFRONT
REDEVELOPMENT AUTHORITY

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Non-pooled cash-----	\$910	\$2
Investments-----	547,997	548,027
Accounts receivable, net-----	40,482	32,263
Interest receivable-----	4	46
Receivable from the City of Oklahoma City-----	-	7,844
Prepays-----	6,935	6,935
Total current assets-----	596,328	595,117
<u>NON-CURRENT ASSETS</u>		
Capital assets:		
Land and construction in progress-----	43,233	32,144
Other capital assets, net of accumulated depreciation-----	3,356,899	3,459,921
Total capital assets-----	3,400,132	3,492,065
Total assets-----	3,996,460	4,087,182
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable-----	21,774	50,765
Payable to the City of Oklahoma City-----	37,331	-
Deferred revenue-----	4,164	26,773
Total liabilities-----	63,269	77,538
<u>NET ASSETS</u>		
Invested in capital assets-----	3,398,194	3,487,547
Unrestricted-----	534,997	522,097
Total net assets-----	\$3,933,191	\$4,009,644

See accompanying notes to financial statements.

STATEMENTS OF ACTIVITIES
For the Years Ended June 30,

OKLAHOMA CITY RIVERFRONT
REDEVELOPMENT AUTHORITY

	<u>2011</u>	<u>2010</u>
<u>PROGRAM EXPENSES</u>		
<u>RIVERFRONT REDEVELOPMENT</u>		
Professional services-----	\$148,694	\$79,810
Payments to City of Oklahoma City General Fund-----	-	289,356
Payments to Central Oklahoma Transportation and Parking Authority, River Mobility Fund---	-	50,000
Other services and charges-----	72,034	93,922
Depreciation expense-----	105,361	40,237
Total program expenses-----	<u>326,089</u>	<u>553,325</u>
<u>PROGRAM REVENUES</u>		
<u>CHARGES FOR SERVICES</u>		
Riverfront redevelopment-----	600	183
<u>OPERATING GRANTS AND CONTRIBUTIONS</u>		
Payments from the City of Oklahoma City Capital Improvements Fund-----	-	794,979
Payments from Oklahoma City Economic Development Trust-----	3,332	845,000
Total operating grants and contributions-----	<u>3,332</u>	<u>1,639,979</u>
Total program revenues-----	<u>3,932</u>	<u>1,640,162</u>
Net program (expense) revenue-----	<u>(322,157)</u>	<u>1,086,837</u>
<u>GENERAL REVENUES</u>		
Sand mining operations-----	155,942	189,928
Oil and gas royalties-----	89,438	84,443
Investment income-----	324	651
Total general revenues-----	<u>245,704</u>	<u>275,022</u>
Changes in net assets-----	<u>(76,453)</u>	<u>1,361,859</u>
Net assets-beginning-----	<u>4,009,644</u>	<u>2,647,785</u>
Net assets-ending-----	<u>\$3,933,191</u>	<u>\$4,009,644</u>

See accompanying notes to financial statements.

BALANCE SHEETS
June 30,

OKLAHOMA CITY RIVERFRONT
REDEVELOPMENT AUTHORITY

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Non-pooled cash-----	\$910	\$2
Investments-----	547,997	548,027
Accounts receivable-----	40,482	32,263
Interest receivable-----	4	46
Receivable from the City of Oklahoma City General Fund-----	-	5,285
Receivable from the City of Oklahoma City Capital Improvement Fund-----	-	2,559
Prepays-----	6,935	6,935
Total assets-----	<u>\$596,328</u>	<u>\$595,117</u>
<u>LIABILITIES AND FUND BALANCES</u>		
<u>LIABILITIES</u>		
Accounts payable-----	\$21,774	\$50,765
Payable to City of Oklahoma City General Fund-----	37,300	-
Payable to City Stormwater Drainage Fund-----	31	-
Deferred revenue-----	19,395	33,038
Total liabilities-----	<u>78,500</u>	<u>83,803</u>
<u>FUND BALANCES</u>		
Non-spendable-----	6,935	6,935
Unrestricted:		
Unassigned-----	510,893	504,379
Total fund balances-----	<u>517,828</u>	<u>511,314</u>
Total liabilities and fund balances-----	<u>\$596,328</u>	<u>\$595,117</u>
<u>RECONCILIATION OF THE BALANCE SHEETS TO THE STATEMENTS OF</u>		
<u>NET ASSETS</u>		
Total fund balances-----	\$517,828	\$511,314
Capital assets-----	3,933,334	3,919,906
Accumulated depreciation-----	(533,202)	(427,841)
Deferred revenue earned but unavailable-----	15,231	6,265
Total net assets-----	<u>\$3,933,191</u>	<u>\$4,009,644</u>

See accompanying notes to financial statements.

**STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Years Ended June 30,**

**OKLAHOMA CITY RIVERFRONT
REDEVELOPMENT AUTHORITY**

	<u>2011</u>	<u>2010</u>
<u>REVENUES</u>		
Sand mining operations-----	\$155,942	\$189,928
Oil and gas royalties-----	80,472	78,178
Investment income-----	324	651
Rental income-----	600	183
Payments from City of Oklahoma City Capital Improvement Fund-----	-	794,979
Payments from Oklahoma City Economic Development Trust-----	3,332	845,000
Total revenues-----	<u>240,670</u>	<u>1,908,919</u>
<u>EXPENDITURES</u>		
<u>CURRENT</u>		
Professional services-----	148,694	79,810
Payments to City of Oklahoma City General Fund-----	-	289,356
Payments to Central Oklahoma Transportation and Parking Authority, River Mobility Fund-----	-	50,000
Other services and charges-----	72,034	93,922
Capital outlay-----	13,428	1,190,349
Total expenditures-----	<u>234,156</u>	<u>1,703,437</u>
Net changes in fund balances-----	6,514	205,482
Fund balances, beginning-----	511,314	305,832
Fund balances, ending-----	<u>\$517,828</u>	<u>\$511,314</u>
<u>RECONCILIATION OF STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENTS OF ACTIVITIES</u>		
Net changes in fund balances-----	\$6,514	\$205,482
Capital outlay-----	13,428	1,190,349
Depreciation expense-----	(105,361)	(40,237)
Recognition of earned but unavailable deferred revenue-----	8,966	6,265
Change in net assets (deficit)-----	<u>(\$76,453)</u>	<u>\$1,361,859</u>

See accompanying notes to financial statements.

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Notes to Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. A. INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Oklahoma City Riverfront Redevelopment Authority (Authority) financial activities for the fiscal years ended June 30, 2011 and 2010. A reclassification in 2010 has been made to properly report capital related accounts payable as part of invested in capital assets net of related debt instead of unrestricted net assets. Governmental fund balances have been restated to conform to current year presentation.

I. B. BASIS OF PRESENTATION

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

The Authority was created as a public trust pursuant to Title 60 of the Oklahoma Statutes, section 176, et seq., on March 19, 1985, amended and restated June 2005, with The City of Oklahoma City, Oklahoma (City) named as the beneficiary. The purpose of the Authority is to finance, develop, and maintain the property adjacent to the Oklahoma River (River). The provisions of the trust indenture provide that the Authority will lease or otherwise manage the related property, equipment, and improvements financed by the Authority. Assets are managed by the Director of Development, an Authority consultant.

The Mayor, his appointed surrogate, and three City Council members serve with five other Trustees appointed by the Mayor and confirmed by the City Council. 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 component unit of the City and is included in the City's financial reporting entity. The financial activity of the Authority is discretely presented in the City's CAFR. CAFR financial statements may be obtained from Finance Department, Accounting Services Division, 100 N. Walker, Suite 300, Oklahoma City, OK 73102.

Authority Administration

The Authority has no employees. Authority activities are performed by City employees and an Authority consultant.

Related Organizations

Oklahoma River Foundation Endowment Fund (ORFE)

On December 13, 2004, the Authority entered into agreement with the Oklahoma City Community Foundation (Foundation) to establish a permanent fund at the Foundation. The purpose of the ORFE is to support the public uses of the Authority leasehold. The ORFE was established with the net proceeds of Downtown Oklahoma City, Incorporated 2004 Holiday Boat Parade; however, the ORFE may receive future donations and investment earnings.

Distributions are recommended by an Advisory Committee composed of three members: the Chairman of the Authority, or a designee; and two members separately appointed by the Trustees of the Foundation and the Mayor of Oklahoma City, respectively. All distributions from the Fund are subject to the final approval of the Foundation Trustees.

Central Oklahoma Transportation and Parking Authority (COTPA)

COTPA is a discrete component unit of the City. On January 13, 2006, the COTPA Trustees approved a resolution accepting an administrative role in developing and operating the water transport system as part of a joint Oklahoma River Water Mobility System Plan (System Plan). On June 20, 2006, the City Council approved a joint resolution with the Authority and COTPA regarding the assignment and acceptance of responsibilities. Per the resolution, COTPA is primarily responsible for operations and finance issues, while the Authority provides support in areas of planning, development, and marketing.

I. B. 2. BASIC FINANCIAL STATEMENTS

The basic financial statements include the statement of net assets, the statement of activities, balance sheet, and statement of revenues, expenditures, and changes in fund balances. These statements report financial information for the Authority as a whole.

Authority-Wide Financial Statements

The statement of net assets reports both short and long-term assets and liabilities, specifically including capital assets, acquired by the Authority.

The statement of activities reports the revenues and expenses of the Authority's riverfront redevelopment function. Program revenue includes operating and capital grants as well as contributions. All other revenues of the Authority are included as general revenues.

Fund Financial Statements

The balance sheet and statement of revenues, expenditures, and changes in fund balances are also included in the basic financial statements. These statements report current assets and liabilities and sources and uses of these resources.

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 statement of net assets and statement of activities report using the economic resources measurement focus and the accrual 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. Capital assets are recorded when purchased or constructed and depreciated over their useful lives.

The remaining two 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 liability is incurred.

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. Accordingly, the Authority's budget is submitted to its governing body for approval. Appropriations are recorded and available for encumbrance or expenditure as revenue is received in cash. Budgetary control is exercised on a project-length basis. Therefore, appropriations are carried forward each year until projects are completed. Management's policy prohibits expenditures to exceed appropriations at the detail, line-item level. 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. Unrestricted investments are managed by the City Treasurer. The Authority's governing board has formally adopted the City's deposit and investment policy. Where applicable, deposit and investment policies are specified in the respective bond indentures.

Investments are carried at fair value determined by quoted market prices. Cash equivalents are reported with investments. Cash deposits are reported at carrying amount, which approximates fair value.

I. D. 2. PREPAIDS

Prepays are payments to vendors that benefit future reporting periods and are reported on the consumption basis. Prepays are similarly reported in the Authority-wide and fund statements.

I. D. 3. CAPITAL ASSETS AND DEPRECIATION

Property and equipment are stated at actual or estimated historical cost. The Authority generally capitalizes assets with cost of \$7,500 or more as purchases and construction outlays occur. Capital assets are reported in the statement of net assets and depreciated using the straight-line method with estimated useful lives ranging from 5 to 50 years from the date placed in service. 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.

	<u>Estimated Useful life</u>
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 capitalizes interest as a component of capital assets constructed for its own use.

Maintenance and repairs are charged to operations, while renewals and betterments are capitalized.

I. D. 4. 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 pays the proceeds to the Authority to cover any costs incurred. The Authority does not record the effect of holding the certificates of deposit.

I. D. 5. 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 which has not been classified within the above mentioned categories.

Fund Balance Usage

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

Net 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. E. 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. F. MAJOR REVENUES

Revenues are primarily from investment activities, contributions, oil and gas royalties, and sand mining. Program revenues include rental income and contributions from the City and related organizations.

I. G. 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.

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 policy requires deposits to be 110 percent secured by collateral valued at market or par, whichever is lower, less the amount covered by the Federal deposit insurance. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service, as determined by a rating of C minus or above by independent rating agencies. 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.

At June 30, 2011 and 2010 the Authority's cash is collateralized 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.

	June 30, 2011			
	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Rating (1)</u>	<u>Weighted Average Months to Maturity (2)</u>
Money market funds	<u>\$547,997</u>	<u>\$547,997</u>	AAA/Aaa	1.43
	June 30, 2010			
	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Rating (1)</u>	<u>Weighted Average Months to Maturity (2)</u>
Money market funds	<u>\$548,027</u>	<u>\$548,027</u>	AAA/Aaa	1.36

(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) obligations of the Government National Mortgage Association, Federal National Mortgage Association, or Federal Home Loan Mortgage Corporation, or any Federal farm credit bank, Federal land bank, or Federal home loan bank notes or bonds; (3) collateralized or insured certificates of deposit and other evidences of deposits at banks, savings and loan associations, and credit unions located in the City when secured by appropriate collateral; (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) State and Local Government Series (SLGS); and (7) 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.

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 Authority's 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 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 managed by the City Treasurer 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 portfolio may be placed with any single financial institution with the exception of repurchase agreements and money market funds. U.S. government securities, SLGS, and City judgments are excluded from these restrictions.

Portfolio Structure (1)

Investment Type Limitations		Maturity Limitations	
Percentage of Total Invested Principal		Percentage of Total Invested Principal	
	Maximum % (2)		Maximum % (4)
Repurchase agreements	100%	0-1 year	100%
U.S. Treasury securities (3)	100	1-3 years	90
Certificates of deposit	50	3-5 years	90
Money market funds	100		
Savings account	100		
U.S. non-callable agencies securities	100		
Judgments	5		

(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.

Investments 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 Authority 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 investments are insured or collateralized with securities held by the Authority, or its agent, in the Authority's name.

Compliance with State Restrictions

Authority investment policy is 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 trust investing to the Prudent Investor Rule defined by Title 60 Oklahoma Statutes to consider the purposes, terms, distribution requirements, and other circumstances of the Authority and to exercise reasonable care, skill, and caution. Investment decisions must be evaluated not in isolation, but in the context of the Authority's portfolio as a whole and as a part of the overall investment strategy having risk and return objectives reasonably suited to the Authority.

II. A. 2. ACCOUNTS RECEIVABLE

Significant receivables include amounts due for sand mining operations of \$16,360 and \$11,335 and oil and gas royalties of \$24,122 and \$20,928 at June 30, 2011 and 2010, respectively. There are no accounts receivable past due more than 90 days.

II. A. 3. PREPAIDS

Prepaid expenses at June 30, 2011 and 2010 includes amounts paid in advance for the consultant contract of \$6,935 in each year.

II. A. 4. CAPITAL ASSETS

Changes in Capital Assets

	2011						
	Capital Assets, not depreciated			Capital Assets, depreciated			Total Capital Assets, net
	Land	Construction In Progress	Total Capital Assets, not depreciated	Infrastructure	Equipment	Total Capital Assets, depreciated	
CAPITAL ASSETS							
Balance, June 30, 2010	\$22,544	\$9,600	\$32,144	\$3,336,264	\$551,498	\$3,887,762	\$3,919,906
Increases	9,600	13,428	23,028	2,339	-	2,339	25,367
Decreases	-	(11,939)	(11,939)	-	-	-	(11,939)
Balance, June 30, 2011	<u>32,144</u>	<u>11,089</u>	<u>43,233</u>	<u>3,338,603</u>	<u>551,498</u>	<u>3,890,101</u>	<u>3,933,334</u>
ACCUMULATED DEPRECIATION							
Balance, June 30, 2010				370,066	57,775	\$427,841	427,841
Increases				<u>61,945</u>	<u>43,416</u>	<u>105,361</u>	<u>105,361</u>
Balance, June 30, 2011				<u>432,011</u>	<u>101,191</u>	<u>533,202</u>	<u>533,202</u>
Capital Assets, Net	<u>\$32,144</u>	<u>\$11,089</u>	<u>\$43,233</u>	<u>\$2,906,592</u>	<u>\$450,307</u>	<u>\$3,356,899</u>	<u>\$3,400,132</u>

(continued)

Changes in Capital Assets (continued)

	2010						
	Capital Assets, not depreciated			Capital Assets, depreciated			
	Land	Construction In Progress	Total Capital Assets, not depreciated	Infrastructure	Equipment	Total Capital Assets, depreciated	Total Capital Assets, net
CAPITAL ASSETS							
Balance, June 30, 2009	\$22,544	\$2,084,855	\$2,107,399	\$429,002	\$193,156	\$622,158	\$2,729,557
Increases	-	880,917	880,917	2,907,262	358,342	3,265,604	4,146,521
Decreases	-	(2,956,172)	(2,956,172)	-	-	-	(2,956,172)
Balance, June 30, 2010	<u>22,544</u>	<u>9,600</u>	<u>32,144</u>	<u>3,336,264</u>	<u>551,498</u>	<u>3,887,762</u>	<u>3,919,906</u>
ACCUMULATED DEPRECIATION							
Balance, June 30, 2009				360,819	26,785	\$387,604	387,604
Increases				9,247	30,990	40,237	40,237
Balance, June 30, 2010				<u>370,066</u>	<u>57,775</u>	<u>427,841</u>	<u>427,841</u>
Capital Assets, Net	<u>\$22,544</u>	<u>\$9,600</u>	<u>\$32,144</u>	<u>\$2,966,198</u>	<u>\$493,723</u>	<u>\$3,459,921</u>	<u>\$3,492,065</u>

Depreciation Expense

Depreciation expense of \$105,361 in 2011 and \$40,237 in 2010 was charged to the Authority's riverfront redevelopment activities.

II. B. UNEARNED REVENUES

During 2009, the City Drainage Fund transferred \$112,120 to the Authority to expedite the design and construction of the City River Maintenance Facility 2007 general obligation bond project, next to the COTPA River Cruiser Maintenance Facility. The Authority paid for related costs of \$68,050 in 2009, \$17,714 in 2010 and \$22,609 in 2011. The amount not yet spent at June 30, 2010 of \$3,747 has been deferred. The Authority also has received \$600 for future lease payments on multiple leases, of which \$417 has been deferred at June 30, 2011.

In 2011, the governmental fund reported \$15,231 additional deferred revenues related to receivable but unavailable oil and gas royalties. The Authority reported receivable but unavailable oil and gas revenues of \$6,265 in 2010.

II. C. INTERFUND RECEIVABLE/PAYABLE

Receivable/Payable from the City

City General Fund

In 2011, the Authority had a payable to the City General Fund of \$37,300 for mowing chargebacks from the parks department. In 2010, the Authority had a receivable from the City General Fund of \$16,196 related to cash collected by the City on behalf of the Authority but not yet deposited in the Authority, net of a payable to the City General Fund of \$10,911 for clean-up costs related to an abandoned oil well discovered during excavation for the Boathouse Row Project.

City Stormwater Drainage Fund

In 2011, the Authority had a payable to the City Stormwater Drainage Fund of \$31 for construction overhead charges from the public works department.

City Capital Improvement Fund

The Authority had a receivable at June 30, 2010 of \$2,559 related to clean-up costs at the UCO Boathouse Pad Project at the University of Central Oklahoma.

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.

Non-Spendable Fund Balance

	<u>2011</u>	<u>2010</u>
Prepays	<u>\$6,935</u>	<u>\$6,935</u>

Unassigned

	<u>2011</u>	<u>2010</u>
Unassigned	<u>\$510,893</u>	<u>\$504,379</u>

III. B. NET ASSETS

Invested in Capital Assets, Net of Related Debt

	<u>2011</u>	<u>2010</u>
Capital assets, net	\$3,400,132	\$3,492,065
Capital related accounts payable	(1,938)	(4,518)
	<u>\$3,398,194</u>	<u>\$3,487,547</u>

Unrestricted

	<u>2011</u>	<u>2010</u>
Unrestricted	<u>\$534,997</u>	<u>\$522,097</u>

IV. INTERFUND PAYMENTS

Payment from the City and Component Units

City Capital Improvement Fund

In 2010, the City Capital Improvement Fund contributed \$794,979 to the Authority for the Shoreline Improvements Regatta Park Project.

Oklahoma City Economic Development Trust (OCEDT)

OCEDT contributed \$3,332 in fiscal year 2011 and \$845,000 in fiscal year 2010 to the Authority for the Shoreline Improvements Boathouse Row Project.

Payments to the City and Component Units

City General Fund

In 2010, the Authority made payments to the City General Fund of \$289,356 for costs for remediation related to an abandoned oil well discovered during excavation for the Boathouse Row Project.

COTPA River Mobility Fund

In 2010, the Authority paid to COTPA \$50,000 for the Authority's share of the annual marketing campaign.

IV. CONTRACT COMMITMENTS

The Authority has entered into contracts with management consulting services, auditing services, and engineering services required for the planning, development, operation and maintenance of projects related to the Oklahoma River Corridor and a signage master plan. Each of these contracts was at various stages of completion at June 30, 2011.

The Authority has outstanding commitments under these contracts at June 30, 2011 and 2010 of \$161,808 and \$144,250, respectively.

V. RELATED PARTY TRANSACTIONS

ORFE

As of June 30, 2011 and 2010, the market value of the ORFE investment was \$571,543 and \$398,527, respectively. In accordance with the Foundation's policy and distribution formula, the balance available to the Authority at June 30, 2011 and 2010 was \$5,678 and \$19,274, respectively.

City Administrative and Management Support

City employees perform all administrative and management functions of the Authority. The Authority does not reimburse the City for these costs.

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 Directors
Oklahoma City Riverfront Redevelopment Authority
Oklahoma City, Oklahoma

We have audited the financial statements of the Oklahoma City Riverfront Redevelopment 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, and have issued our report thereon dated December 2, 2011, which contained an explanatory paragraph regarding a change in accounting principles. 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.

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 opinion 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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

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*.

Board of Directors
Oklahoma City Riverfront Redevelopment Authority
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The City's separately reported 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* should be read in conjunction with this report.

This report is intended solely for the information and use of the governing body, management 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 2, 2011