



Oklahoma City Economic Development Trust

A discrete component unit of The City of Oklahoma City, Oklahoma
Annual Financial Report | for the Fiscal Year ended June 30, 2015

Photo courtesy of the Oklahoma City National Memorial & Museum

OKLAHOMA CITY ECONOMIC DEVELOPMENT TRUST

A Discrete Component Unit of
Oklahoma City, Oklahoma

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Annual Financial Report for the Fiscal Year Ended June 30, 2015

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

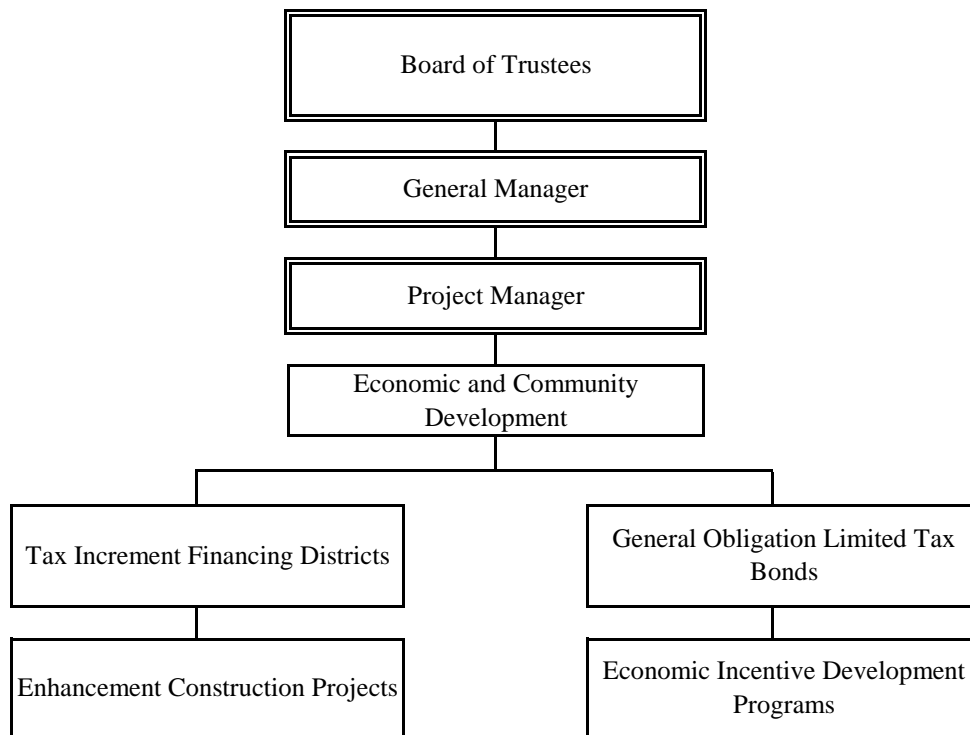
OKLAHOMA CITY ECONOMIC DEVELOPMENT TRUST

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Oklahoma City Economic Development Trust Organization Chart



Introductory Section



The City of
OKLAHOMA CITY
DEPARTMENT OF FINANCE

December 4, 2015

The Board of Trustees
Oklahoma City Economic Development Trust

The Oklahoma City Economic Development Trust (Trust) annual financial report (annual report) provides a comprehensive overview of the Trust's financial position and the results of operations during the fiscal years ended June 30, 2015 and 2014. 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 generally accepted accounting principles in the United States (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 Trust.

The Trust's annual report includes the reports of independent auditor, management's discussion and analysis (MD&A), financial statements, and related notes. Management's narrative on the financial activities of the Trust for fiscal years ended June 30, 2015 and 2014, is in the MD&A section of this report, immediately following the independent auditor's report on financial statements and supplementary information. The Trust's reporting entity is comprised of financial and operating activities conducted within the legal framework of the Trust. The Trust 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 Trust was established by City Council resolution on October 9, 2007 to support the City's economic and community development goals. With the approval of a \$75 million general obligation limited tax (GOLT) bond authorization by the citizens in 2007, the Trust developed the Strategic Investment Program that incentivizes companies to locate or expand in the Oklahoma City area. Since the inception of the Trust in 2007, the Trust has entered into 24 agreements that allocated approximately \$30.65 million in GOLT funds that are projected to lead to the creation of approximately 7,345 jobs with an estimated annual payroll of \$1.09 billion and an investment of \$443 million.

The Trust supports the City's economic and community development endeavors by supporting many of the City's tax increment finance (TIF) districts.

TIF districts #2 and #3 were created for continuing downtown redevelopment projects. Completed projects under the TIFs include the Skirvin Hotel development along with various residential projects. The Trust also provided \$1,500,000 to the John W. Rex Charter School for construction of the elementary school located in downtown Oklahoma City. On March 30, 2015 the Trust took a draw on TIF district #2 line of credit in the amount of \$6.58 million to pay for completed projects.

TIF districts #4 and #5 were created for continuing development around the Dell Call Center, along the Oklahoma River. Completed projects under these TIFs include the Dell Call Center and surrounding improvements and the river landing and trails along the surrounding land.

TIF district #8 was created for continuing downtown redevelopment projects, centered around the Devon tower and Project 180. Project 180 includes landscaping, public art, marked bike lines, decorative street lights, on street parking and improvements to downtown park areas. Completed projects under TIF #8 include associated construction and groundscape of the completed Devon tower and several phases of Project 180. In fiscal year 2014, several new phases of Project 180 were started with completion goals by the end of 2016.

The GOLT bond funds are used to fund the Strategic Investment Program and aid in projects that improve the economic development opportunities within the City. In 2014, the Trust used \$6,000,000 in a loan of GOLT funds for renovations and improvements to the Softball Hall of Fame. In 2015, the Trust provided \$23.5 million in GOLT funds to assist the U.S. Air Force in the acquisition of a 156 acre site owned by Burlington Northern Santa Fe Rail Yard to develop a 14 hanger complex which will support the maintenance and repair of the new KC-46A aircraft refueling fleet.

Oklahoma City and Oklahoma County along with the surrounding counties are an important source of economic stimulus for the region. Even during a national and global economic downturn, major economic indicators including jobs, per capita income, personal income, real estate values, and taxable retail sales have a positive influence on the Oklahoma City economy.

The current economic environment in Oklahoma City is positive; however, the economic outlook has been recently muted due to low oil and natural gas prices that are negatively impacting the many energy-related companies working in and around Oklahoma City. The cost of living rating is consistently below the national average and the City has a strong industry presence, low commuting times, convenient airline travel, high quality education, entertainment and sports opportunities, favorable weather, and is centrally located within the State of Oklahoma. According to The Brookings Institution, greater Oklahoma City ranks No. 7 in the U.S. for economic growth, and Forbes says that Oklahoma City is among the fastest growing cities in 2015.

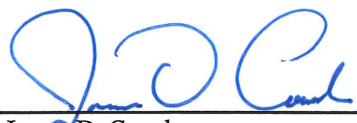
In a report prepared by The Steven C. Agee Economic Research & Policy Institute of Oklahoma City University (Institute), dated February 10, 2015 and entitled "National, State, and Local Economic Outlook," the Institute reported that the U.S. economy will continue to have positive but slow growth in 2015. The baseline forecast is for Oklahoma City metro area private sector employment to expand at a 1.7% annual pace; roughly half the average of the last four years. Employment gains will be led again by demand for consumer services including construction, leisure, health care, and retail trade. Metro area unemployment rates are expected to tick up in 2015, averaging 4.3% for the year compared to the 4.1% average set in 2014. Oklahoma City per capita personal income is estimated to have grown to \$44,899 in 2014 and is expected to reach \$45,611 in 2015. The Institute described the economic and fiscal outlook as "conflicted." Short run challenges from falling oil prices are moving into the state's economy. The extent of the short run weakness will be determined by the future price path of oil and the speed with which economic activity rebounds in the state. Oklahoma City's fiscal outlook is bolstered somewhat by long-term trends favoring concentrations of economic activity along the I-35 corridor. The fiscal outlook will be determined by the interplay of short run distress and long run development. Using a model that balances both long and short-term influences the Institute projected sales tax growth of 2.15% for fiscal year 2015-2016.

Additionally, Chris Tatham, president of ETC Institute presented on July 28, 2015, the results of a Citizen Satisfaction Survey that was conducted in May and June of 2015. Of the residents surveyed, 88% rated Oklahoma City as an excellent or good place to live, 84% as a good place to work, and 81% as a good place to raise children. Overall, Oklahoma City residents have a very positive perception of the City and think the City is moving in the right direction. Among the largest U.S. cities, Oklahoma City is 19% above the national average in overall satisfaction with City services.

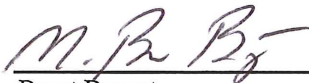
The five Trustees are nominated by the Mayor and confirmed by the City Council. The Trust participates in the City's comprehensive accounting and budgetary system. Interim financial statements provide Trust management and other interested readers with regular financial analyses. Additionally, the Trust's management maintains budgetary controls to ensure compliance with effective financial oversight.

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

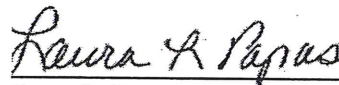
Respectfully submitted:



James D. Couch
General Manager



Brent Bryant
Economic Development
Program Manager



Laura L. Papas
City of Oklahoma City Controller

Financial Section

Independent Auditor's Report on Financial Statements and Supplementary Information

Board of Trustees
Oklahoma City Economic Development Trust
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities of the Oklahoma City Economic Development Trust (the Trust), a discretely presented component unit of the City of Oklahoma City, Oklahoma (the City), as of and for the years ended June 30, 2015 and 2014, the financial statements of each major fund of the Trust as of and for the year ended June 30, 2015, and the related notes to the basic financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities as of June 30, 2015 and 2014, and each major fund as of June 30, 2015, the respective changes in financial position for governmental activities for the years ended June 30, 2015 and 2014, and for each major fund for the year ended June 30, 2015, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The fund financial statements include summarized prior year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Trust's financial statements for the year ended June 30, 2014, from which such information was derived.

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the basic financial statements as a whole. The transmittal letter preceding this report is presented for purposes of additional analysis and is not a required part of the basic financial statements. That letter has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2015, on our consideration of the Trust'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* in considering the Trust's internal control over financial reporting and compliance.

BKD, LLP

Oklahoma City, Oklahoma
December 4, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Oklahoma City Economic Development Trust (Trust) annual financial report, the Trust's management provides narrative discussion and analysis of the financial activities of the Trust for the fiscal years ended June 30, 2015 and 2014. The Trust's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Introductory information is available in the transmittal letter which precedes this discussion and analysis. The Trust is a discretely presented component unit of the City of Oklahoma City (City).

Financial Summary

- Trust liabilities exceeded assets by \$37,905,626 (net deficit) and \$41,902,648 (net deficit) for 2015 and 2014, respectively.
- Total net position (deficit) is comprised of the following:
 - (1) Net investment in capital assets, of \$21,377,784 and \$16,824,207 for 2015 and 2014, respectively, include property and equipment, net of accumulated depreciation and related debt.
 - (2) Restricted for debt service of \$2,262,361 and \$2,279,300 for 2015 and 2014, respectively, are constrained for repayment of debt service.
 - (3) Restricted net position for public services of \$19,313,129 and \$22,480,224 for 2015 and 2014, respectively, is constrained for general obligation limited tax (GOLT) bond related economic development.
 - (4) Unrestricted deficit is \$80,858,900 for 2015 and \$83,486,379 for 2014.
- The Trust's governmental funds reported total ending fund balance totaling \$53,602,401 in 2015 and ending fund balance of \$57,968,356 in 2014 showing a decrease of \$4,365,955 during the current year.

Overview of the Financial Statements

This discussion and analysis introduces the Trust's basic financial statements. The basic financial statements include: (1) statement of net position, (2) statement of activities, (3) balance sheet, (4) statement of revenues, expenditures, and changes in fund balances, and (5) notes to the financial statements.

Trust-wide Financial Statements

The Trust's annual report includes two Trust-wide financial statements. These statements provide both long-term and short-term information about the overall status of the Trust and are presented to demonstrate the extent the Trust has met its operating objectives efficiently and effectively using all the resources available and whether the Trust 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 position. This statement presents information that includes all of the Trust's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Trust 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 Trust's net position changed during the current fiscal year and can be used to assess the Trust's operating results in its entirety and analyze how the Trust's programs are financed. All current year revenues and expenses are included regardless of when cash is received or paid.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Trust has three funds, all of which are governmental funds. All of the funds of the Trust are reported as major funds.

Governmental Funds

The governmental funds are reported in the fund financial statements and report the economic development function as reported in the Trust-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 Trust-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 statement provide information essential to gain a full understanding of the Trust-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Financial Analysis

The Trust's net deficit at June 30, 2015 and 2014 is \$37,905,626 and \$41,902,648, respectively. The overall financial condition of the Trust improved in fiscal year 2015. Reclassifications have been made in 2014 and 2013 between net investment in capital assets and restricted net position and operating grants and contributions and general revenues to conform with current year presentation.

Summary of Net Position (Deficit)

	2015	2014	2015-2014	2015-2014	2013	2014-2013	2014-2013
			Amount	%		Amount	%
			of Change	Change		of Change	Change
Assets							
Current assets	\$72,348,645	\$81,827,071	(\$9,478,426)	(11.6%)	\$94,010,042	(\$12,182,971)	(13.0%)
Capital assets, net	36,209,530	33,188,045	3,021,485	9.1	29,230,620	3,957,425	13.5
Other non-current assets	<u>25,345,856</u>	<u>15,775,156</u>	<u>9,570,700</u>	60.7	<u>9,775,157</u>	<u>5,999,999</u>	61.4
Total assets	<u>133,904,031</u>	<u>130,790,272</u>	<u>3,113,759</u>	2.4	<u>133,015,819</u>	<u>(2,225,547)</u>	(1.7)
Liabilities							
Current liabilities	27,707,981	21,859,569	5,848,412	26.8	21,146,674	712,895	3.4
Non-current liabilities	<u>144,101,676</u>	<u>150,833,351</u>	<u>(6,731,675)</u>	(4.5)	158,930,026	<u>(8,096,675)</u>	(5.1)
Total liabilities	<u>171,809,657</u>	<u>172,692,920</u>	<u>(883,263)</u>	(0.5)	<u>180,076,700</u>	<u>(7,383,780)</u>	(4.1)
Net position (deficit)							
Net Investment in capital assets	21,377,784	16,824,207	4,553,577	27.1	11,133,160	5,691,047	51.1
Restricted for capital projects	-	-	-	0.0	31,154,309	(31,154,309)	(100.0)
Restricted for debt service	2,262,361	2,279,300	(16,939)	(0.7)	9,959,825	(7,680,525)	(77.1)
Restricted for public services	19,313,129	22,480,224	(3,167,095)	(14.1)	26,999,598	(4,519,374)	(16.7)
Unrestricted	<u>(80,858,900)</u>	<u>(83,486,379)</u>	<u>2,627,479</u>	3.1	<u>(126,307,773)</u>	<u>42,821,394</u>	33.9
Total net position (deficit)	<u>(\$37,905,626)</u>	<u>(\$41,902,648)</u>	<u>\$3,997,022</u>	9.5	<u>(\$47,060,881)</u>	<u>\$5,158,233</u>	11.0

Current assets decreased \$9.48 million in fiscal year 2015. Investments decreased \$11.73 million. Interest receivable increased \$126 thousand due to long-term low interest loans and economic incentive payments to developers to assist in financing on projects in the City. Receivables from the City increased by \$1.50 million primarily for construction of safety features for train crossings. Intergovernmental advance funding decreased due to work performed at the Oklahoma County Annex building. Along with interest receivable, notes receivable increased \$950 thousand due to long-term low interest loans and economic incentive payments to developers. Prepaids decreased from the prior period due to repayment of GOLT funds to the Oklahoma City Water Utilities Trust (OCWUT) for infrastructure work for an economic development incentive payment. The decrease in current assets of \$12.18 million in fiscal year 2014 is primarily due to a decrease of cash and investments of \$14.09 million due to bond proceeds being spent on projects, offset by a \$303 thousand increase in receivables from the City primarily due to an increase in tax incremental financing (TIF) sales tax receivable of \$260 thousand and a \$46 thousand receivable for unused City General Fund subsidy to the Alliance for Economic Development of Oklahoma City, a \$220 thousand increase in prepaids primarily due to prepayment of GOLT funds to OCWUT for infrastructure work for an economic development grant, and a \$1.46 million increase in intergovernmental advance funding for the Oklahoma County Annex Building renovation.

The increase of \$3.02 million in capital assets in fiscal year 2015 primarily consists of \$3.86 million in capital outlay for construction, less \$838 thousand in depreciation. The increase of \$3.98 in capital assets in fiscal year 2014 primarily consists of \$4.30 million in capital outlay for construction, less \$338 thousand in depreciation.

Non-current notes receivable increased \$9.57 million due to long-term low interest loans and economic incentive payments to developers to assist in financing on projects in the City. Other non-current assets increased \$6 million for fiscal year 2014 primarily due to a \$6 million increase in non-current receivable from the City for a loan to fund the Softball Hall of Fame renovation project.

Current liabilities increased by \$5.85 million in fiscal year 2015 due to an increase of \$1.96 million in accounts payable primarily due to timing of payments to vendors. Tax anticipation debt increased \$3.96 million due to a draw of \$6.58 million on the TIF district #2 line of credit, offset by normal debt payments of \$2.62 million. Current liabilities increased by \$713 thousand in fiscal year 2014 primarily due to an increase in bonds payable and bond interest payable of \$521 thousand for scheduled amounts due, an increase in payable to the City of \$762 thousand for unspent subsidies from the City General Fund, less an accounts payable decrease of \$371 thousand due to timing of payments to vendors and \$198 thousand decrease in tax anticipation debt due to regular scheduled payments on TIF district #2 and #4 notes.

Non-current liabilities decreased in 2015 by \$6.73 million primarily due to a \$1.33 million decrease in tax anticipation debt for TIF district #2 and #4 and a \$5.40 million decrease to bonds payable, both due to regular scheduled payments. Non-current liabilities decreased in 2014 by \$8.10 million primarily due to a \$2.75 million decrease in tax anticipation debt for TIF district #2 and #4 and a \$5.35 million decrease to bonds payable, both due to regular scheduled payments.

	Summary of Changes in Net Position (Deficit)						
	<u>2015</u>	<u>2014</u>	<u>2015-2014</u> Amount <u>of Change</u>	<u>2015-2014</u> %	<u>2013</u>	<u>2014-2013</u> Amount <u>of Change</u>	<u>2014-2013</u> %
Revenues							
Program revenues							
Charges for services	\$15,000	\$14,996	\$4	0.0%	\$13,754	\$1,242	9.0%
Operating grants & contributions	37,057,275	9,597,138	27,460,137	286.1	3,866,163	5,730,975	148.2
General revenues	<u>14,118,980</u>	<u>13,748,962</u>	<u>370,018</u>	2.7	<u>12,695,217</u>	<u>1,053,745</u>	8.3
Total revenues	<u>51,191,255</u>	<u>23,361,096</u>	<u>27,830,159</u>	119.1	<u>16,575,134</u>	<u>6,785,962</u>	40.9
Program expenses	<u>47,194,233</u>	<u>18,202,863</u>	<u>28,991,370</u>	159.3	<u>73,087,342</u>	<u>(\$54,884,479)</u>	(75.1)
Changes in net position (deficit)	<u>3,997,022</u>	<u>5,158,233</u>	<u>(1,161,211)</u>	(22.5)	<u>(\$6,512,208)</u>	<u>61,670,441</u>	109.1
Beginning net position (deficit)	<u>(41,902,648)</u>	<u>(47,060,881)</u>	<u>5,158,233</u>	11.0	<u>9,451,327</u>	<u>(56,512,208)</u>	(597.9)
Ending net position (deficit)	<u>(\$37,905,626)</u>	<u>(\$41,902,648)</u>	<u>\$3,997,022</u>	9.5	<u>(\$47,060,881)</u>	<u>\$5,158,233</u>	11.0

Operating grants and contributions increased by \$27.46 million in fiscal year 2015 primarily due to the issuance of two General Obligation Limited Tax bonds by the City and an increase in subsidies from the City General Fund of \$653 thousand. Special assessment revenue increased by \$52 thousand due to completion of economic development projects added to the property tax rolls, offset by a decrease in investment income of \$44 thousand. Operating grants and contributions increased by \$5.73 million in fiscal year 2014 primarily due to an increase in special assessments of \$5.13 million due to the first full year of TIF #8 projects added to the property tax rolls and a \$603 thousand increase in subsidies from the City General Fund.

General revenues increased by \$370 thousand in fiscal year 2015. Property taxes in TIF district #2 increased \$117 thousand primarily due to an adjustment for economic incentive receivables and investment income increased \$253 thousand. General revenues increased by \$1.05 million in fiscal year 2014 primarily due to the increase in TIF district #8 property taxes of \$521 thousand for the first full year of property taxes for the bonds and \$529 thousand in property taxes in TIF districts #2 and #4.

Program expenses increased by \$28.99 million in fiscal year 2015. Professional services increased \$791 thousand due to a change in account coding, other services and charges increased \$27.76 million due to City's participation in funding the U.S. Air Force purchase of the Burlington Northern Santa Fe Rail Yard of \$23.5 million, an increase of payments under the SIP program of \$5.46 million, an increase in grant services of \$812 thousand to fund renovations at the Oklahoma County Jail, an increase in capital related services of \$565 thousand for parking meters and light poles, and an increase of \$75 thousand for utilities at the Myriad Botanical Gardens. In addition, payments to the City increased \$399 thousand to fund capital improvements at the Capitol Hill Library and Myriad Botanical Gardens. Normal depreciation increased by \$499 thousand. Program expenses decreased by \$54.88 million in fiscal year 2014 primarily due to completed assets and related depreciation transfers in 2013 of \$53.30 million. In addition, other services and charges decreased \$1.71 million primarily due to a decrease in grant services for a grant to the Oklahoma City Urban Renewal Authority in 2013 with no grant in 2014, bond issuance cost decreased by \$1.19 million due to the issuance of bonds in 2013 and none in 2014, interest paid decreased by \$312 thousand primarily due to extinguishing TIF district #8 notes in 2013 with lower interest bonds. These decreases were offset by an increase in payments to component units of \$1.50 million for a donation to the Oklahoma City Metropolitan Area Public Schools Trust for construction costs on the John W. Rex charter school.

Governmental Funds

Governmental funds reported ending fund balances of \$53,602,401 and \$57,968,356 for the year ended June 30, 2015 and 2014, respectively. Of these year-end totals, \$17,062,758 (deficit) and \$1,731,133 (deficit) at June 30, 2015 and 2014, respectively, is unassigned. Debt is used to finance the operation costs of economic development resulting in a negative unassigned fund balance. In 2013, economic development bonds were issued at the Trust-wide level, which increased the deficit unassigned fund balance.

Capital Assets

The Trust's investment in capital assets, net of accumulated depreciation for the fiscal year 2015 and 2014 consists of land, construction in progress, and infrastructure purchased for future economic development. See Note II. E. for more information regarding capital assets.

	Capital Assets							
			2015-2014		2014-2013		2014-2013	
	2015	2014	Amount of Change	% Change	2013	Amount of Change	% Change	
Non-Depreciable Assets								
Land	\$4,202,334	\$4,202,334	\$ -	0.0%	\$4,202,334	\$ -	0.0%	
Construction in progress	<u>8,863,239</u>	<u>16,898,925</u>	<u>(8,035,686)</u>	(47.6)	<u>22,527,503</u>	<u>(5,628,578)</u>	(25.0)	
Total capital assets	<u>13,065,573</u>	<u>21,101,259</u>	<u>(8,035,686)</u>	(38.1)	<u>26,729,837</u>	<u>(5,628,578)</u>	(21.1)	
Depreciable Assets								
Buildings	2,531,587	2,257,410	274,177	12.1	2,309,973	(52,563)	(2.3)	
Infrastructure	<u>20,612,370</u>	<u>9,829,376</u>	<u>10,782,994</u>	109.7	<u>190,810</u>	<u>9,638,566</u>	5051.4	
Total depreciable assets	<u>23,143,957</u>	<u>12,086,786</u>	<u>11,057,171</u>	91.5	<u>2,500,783</u>	<u>9,586,003</u>	383.3	
Total net capital assets	<u>\$36,209,530</u>	<u>\$33,188,045</u>	<u>\$3,021,485</u>	9.1	<u>\$29,230,620</u>	<u>\$3,957,425</u>	13.5	

Total construction in progress decreased by \$8.04 million due to completion of certain phases of construction projects including \$1.27 million for Oklahoma River shoreline improvements, \$6.44 million for Project 180 streetscape improvements, and \$331 thousand for McGee Center Lobby renovations. The increase in capital assets in fiscal year 2015 of \$3.02 million is \$3.86 million in capital outlay for construction on the south bank of the Oklahoma River of \$66 thousand, Bricktown infrastructure renovations of \$515 thousand, Cottage District renovations of \$594 thousand, City Hall lawn renovations of \$256 thousand, construction on streetscape phases for \$2.31 million, and construction on the McGee Center Lobby of \$116 thousand, offset by depreciation of \$838 thousand. Total construction in progress decreased \$5.63 million in fiscal year 2014 due to completion of certain phases of construction projects including \$1.98 million for renovation of Bicentennial Park, \$944 thousand for Myriad Botanical Gardens renovations, and \$2.71 million for Project 180 streetscape improvements. The increase in capital assets of \$3.96 million is \$4.30 million in capital outlay for construction on the south bank of the Oklahoma River of \$1.25 million, Myriad Gardens architecture, engineering, renovations, and design for \$775 thousand, construction on streetscape phases for \$1.84 million, and construction on the McGee Center Lobby of \$214 thousand, offset by depreciation of \$338 thousand.

Long-term debt

At the end of 2015 and 2014, the Trust had total long-term debt outstanding of \$129,850,000 and \$135,080,000, respectively.

Tax Apportionment Bonds

On April 1, 2013 the Trust issued two tax apportionment bonds, Series 2013A and 2013B. Series 2013A proceeds of \$116,445,000 from the bonds, less \$881,498 in issuance costs and \$92,918,116 for payment of tax anticipation note for TIF district #8, are to be used to finance construction projects in the Myriad Botanical Gardens, the Bicentennial Park, and various streetscape projects in the City. Series 2013B proceeds of \$26,295,445 including \$3,455,455 in premiums, less \$313,289 in issuance costs, will be used to finance construction of various other infrastructure and public improvements in downtown Oklahoma City. At the end of fiscal year 2015 and 2014, the Trust had outstanding bond debt of \$129,850,000 and \$135,080,000, respectively. The bonds are payable solely from the Trust. See Note III. B. for more information regarding revenue bonds.

Outstanding Long-term Debt

	2015 - 2014		2015 - 2014		2014 - 2013		2014 - 2013	
	Amount of	%	Amount of	%	Amount of	%	Amount of	%
	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>Change</u>	<u>2013</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>
Tax Apportionment Bonds	<u>\$129,850,000</u>	<u>\$135,080,000</u>	<u>(\$5,230,000)</u>	(3.9)	<u>\$140,285,000</u>	<u>(\$5,205,000)</u>		(3.7)

The change in outstanding debt for 2015 and 2014 is the result of the normal payments made on tax apportionment bonds. See Note III. C. for more information regarding changes in long-term debt.

Bond Ratings

Standard and Poor's rating agency rates the Trust bonds AA.

Economic Factors

The Trust has greatly benefited from the improving local economy of Oklahoma City. The momentum created by the improving local economy and the Devon Energy World headquarters in TIF district #8, has spurred a number of new construction and improvement projects.

Contacting the Trust's Financial Management

This financial report is designed to provide a general overview of the Trust'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

Trust-wide Financial Statements

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

Fund Financial Statements

Focus on the Trust'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 Trust-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 POSITION (DEFICIT)
June 30,

OKLAHOMA CITY ECONOMIC
DEVELOPMENT TRUST

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Pooled cash-----	\$1,182	\$2,250
Non-pooled cash-----	1,057,208	1,057,308
Investments-----	59,115,056	70,840,256
Property taxes receivable-----	5,811,978	5,827,753
Accounts receivable, net-----	1,250	1,250
Interest receivable-----	163,251	37,161
Receivable from the City of Oklahoma City-----	3,876,729	2,377,954
Intergovernmental advance funding-----	1,372,445	1,462,917
Notes receivable-----	949,546	-
Prepays-----	-	220,222
Total current assets-----	<u>72,348,645</u>	<u>81,827,071</u>
NON-CURRENT ASSETS		
Investments-----	9,775,156	9,775,156
Receivable from the City of Oklahoma City-----	6,000,000	6,000,000
Notes receivable-----	9,570,700	-
Capital assets:		
Land and construction in progress-----	13,065,573	21,101,259
Other capital assets, net of accumulated depreciation-----	23,143,957	12,086,786
Total capital assets-----	<u>36,209,530</u>	<u>33,188,045</u>
Total non-current assets-----	<u>61,555,386</u>	<u>48,963,201</u>
Total assets-----	<u>133,904,031</u>	<u>130,790,272</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable-----	7,197,291	5,236,202
Payable to the City of Oklahoma City-----	666,623	770,062
Tax anticipation debt-----	13,061,047	9,103,954
Bond interest payable-----	1,508,020	1,519,351
Bonds payable-----	5,275,000	5,230,000
Total current liabilities-----	<u>27,707,981</u>	<u>21,859,569</u>
NON-CURRENT LIABILITIES		
Non-current tax anticipation debt-----	17,345,000	18,680,000
Bonds payable:		
Bonds payable-----	124,575,000	129,850,000
Unamortized bond premium-----	2,181,676	2,303,351
Bonds payable, net-----	<u>126,756,676</u>	<u>132,153,351</u>
Total non-current liabilities-----	<u>144,101,676</u>	<u>150,833,351</u>
Total liabilities-----	<u>171,809,657</u>	<u>172,692,920</u>
NET DEFICIT		
Net investment in capital assets-----	21,377,784	16,824,207
Restricted for: Debt service-----	2,262,361	2,279,300
Public services-----	19,313,129	22,480,224
Unrestricted-----	(80,858,900)	(83,486,379)
Total net deficit-----	<u>(\$37,905,626)</u>	<u>(\$41,902,648)</u>

See accompanying notes to financial statements.

STATEMENTS OF ACTIVITIES
For the Year Ended June 30,

OKLAHOMA CITY ECONOMIC
DEVELOPMENT TRUST

	<u>2015</u>	<u>2014</u>
<u>PROGRAM EXPENSES</u>		
Materials and supplies-----	\$32,154	\$58,693
Economic incentives and other contracts-----	33,016,960	5,332,286
Professional services-----	2,803,683	2,013,025
Other services and charges-----	2,469,082	2,349,270
Payments to the City of Oklahoma City-----	1,085,444	686,455
Payments to component units of the City of Oklahoma City-----	1,103,571	1,500,000
Depreciation-----	837,830	338,389
Other debt service-----	2,850	-
Interest on debt-----	5,842,659	5,924,745
Total program expenses-----	<u>47,194,233</u>	<u>18,202,863</u>
<u>PROGRAM REVENUES</u>		
<u>CHARGES FOR SERVICES</u>		
Economic development-----	15,000	14,996
<u>OPERATING GRANTS AND CONTRIBUTIONS</u>		
Payments from the City of Oklahoma City-----	31,822,758	4,369,474
Special assessments-----	5,206,893	5,155,126
Restricted investment income-----	27,624	72,538
Total program revenues-----	<u>37,072,275</u>	<u>9,612,134</u>
Net (expense) revenue-----	<u>(10,121,958)</u>	<u>(8,590,729)</u>
<u>GENERAL REVENUES</u>		
Tax increment financing property taxes-----	13,860,076	13,743,264
Investment income-----	258,613	4,499
Other-----	291	1,199
Total general revenues-----	<u>14,118,980</u>	<u>13,748,962</u>
Change in net position (deficit)-----	3,997,022	5,158,233
Net position (deficit)-beginning-----	(41,902,648)	(47,060,881)
Net position (deficit)-ending-----	<u>(\$37,905,626)</u>	<u>(\$41,902,648)</u>

See accompanying notes to financial statements.

BALANCE SHEETS
June 30,

OKLAHOMA CITY ECONOMIC
DEVELOPMENT TRUST

	2015			2014	
	Economic	Tax	General	Total	Total
	Development	Incremental	Obligation		
Fund	Financing	Limited Tax			
ASSETS					
Pooled cash-----	\$35	\$433	\$714	\$1,182	\$2,251
Non-pooled cash-----	-	1,057,208	-	1,057,208	1,057,308
Investments-----	994,809	37,949,494	20,170,753	59,115,056	70,840,256
Property taxes receivable-----	-	5,811,978	-	5,811,978	5,827,753
Accounts receivable-----	1,250	-	-	1,250	1,250
Interest receivable-----	958	152,867	9,426	163,251	37,160
Due within the Trust-----	(57,578)	1,209,599	(1,152,021)	-	-
Receivable from City of Oklahoma City General Fund--	-	430	-	430	49,931
Receivable from City of Oklahoma City					
Capital Improvement Fund-----	-	1,314,905	-	1,314,905	-
Receivable from City of Oklahoma City					
Tax Incremental Financing Fund-----	-	2,561,394	-	2,561,394	2,328,023
Intergovernmental advance funding-----	-	1,372,445	-	1,372,445	1,462,917
Notes receivable, current-----	-	949,546	-	949,546	-
Prepays-----	-	-	-	-	220,222
Notes receivable, non-current-----	-	9,570,700	-	9,570,700	-
Investments, non-current-----	-	9,775,156	-	9,775,156	9,775,156
Receivable from the City of Oklahoma City					
Capital Improvement Fund-----	-	-	-	-	6,000,000
Receivable from the City of Oklahoma City					
Special Purpose Fund-----	-	-	6,000,000	6,000,000	-
Total assets-----	\$939,474	\$71,726,155	\$25,028,872	\$97,694,501	\$97,602,227
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable-----	\$348,966	\$1,132,582	\$5,715,743	\$7,197,291	\$5,236,202
Payable to City of Oklahoma City-----	628,766	37,857	-	666,623	770,062
Tax anticipation notes payable-----	-	30,406,047	-	30,406,047	27,783,954
Total liabilities-----	977,732	31,576,486	5,715,743	38,269,961	33,790,218
DEFERRED INFLOWS OF RESOURCES-----	363	5,814,448	7,328	5,822,139	5,843,653
FUND BALANCES					
Non-spendable-----	-	10,943,145	6,000,000	16,943,145	7,683,139
Restricted-----	-	40,416,213	13,305,801	53,722,014	52,016,350
Unassigned-----	(38,621)	(17,024,137)	-	(17,062,758)	(1,731,133)
Total fund balances-----	(38,621)	34,335,221	19,305,801	53,602,401	57,968,356
Total liabilities, deferred inflows of resources and fund balances-----	\$939,474	\$71,726,155	\$25,028,872	\$97,694,501	\$97,602,227
RECONCILIATION OF THE BALANCE TO THE STATEMENT OF NET POSITION (DEFICIT)					
Total fund balances-----	(\$38,621)	\$34,335,221	\$19,305,801	\$53,602,401	\$57,968,356
Capital assets-----	-	37,598,232	-	37,598,232	33,738,916
Accumulated depreciation-----	-	(1,388,702)	-	(1,388,702)	(550,871)
Earned but unavailable revenue-----	363	5,814,448	7,328	5,822,139	5,843,653
Long-term debt-----	-	(132,031,676)	-	(132,031,676)	(137,383,351)
Interest payable on long-term debt-----	-	(1,508,020)	-	(1,508,020)	(1,519,351)
Total net position (deficit)-----	(\$38,258)	(\$57,180,497)	\$19,313,129	(\$37,905,626)	(\$41,902,648)

See accompanying notes to financial statements.

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

**OKLAHOMA CITY ECONOMIC
DEVELOPMENT TRUST**

	2015			2014	
	Economic Development Fund	Tax Incremental Financing Fund	General Obligation Limited Tax Fund	Total	Total
REVENUES					
Property taxes-----	\$ -	\$13,877,153	\$ -	\$13,877,153	\$13,704,492
Investment income-----	422	274,993	15,263	290,678	177,702
Rental income-----	15,000	-	-	15,000	15,000
Special assessments-----	-	5,206,893	-	\$5,206,893	5,155,126
Payments from the City of Oklahoma City-----	3,684,414	1,338,344	26,800,000	\$31,822,758	4,369,474
Other-----	-	291	-	291	1,199
Total revenues-----	3,699,836	20,697,674	26,815,263	51,212,773	23,422,993
EXPENDITURES					
Materials and supplies-----	124	32,030	-	32,154	58,693
Economic incentives and other contracts-----	698,242	2,601,987	29,716,731	33,016,960	5,332,286
Professional services-----	2,547,200	161,979	94,504	2,803,683	2,013,025
Payments to component units-----	139	1,103,432	-	1,103,571	1,500,000
Payments to the City of Oklahoma City-----	37,175	885,928	162,341	1,085,444	686,455
Other services and charges-----	253,565	2,215,517	-	2,469,082	2,346,420
Capital outlay-----	-	3,859,315	-	3,859,315	4,295,813
Debt service-----	-	11,208,519	-	11,208,519	10,757,533
Total expenditures-----	3,536,445	22,068,707	29,973,576	55,578,728	26,990,225
Net change in fund balances-----	163,391	(1,371,033)	(3,158,313)	(4,365,955)	(3,567,232)
Fund balance, beginning-----	(202,012)	35,706,254	22,464,114	57,968,356	61,535,588
Fund balances, ending-----	(\$38,621)	\$34,335,221	\$19,305,801	\$53,602,401	\$57,968,356
RECONCILIATION OF STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES					
Net changes in fund balances-----	\$163,391	(\$1,371,033)	(\$3,158,313)	(\$4,365,955)	(\$3,567,232)
Capital outlay-----	-	3,859,315	-	3,859,315	4,295,813
Depreciation expense-----	-	(837,830)	-	(837,830)	(338,389)
Principle and interest on long-term debt-----	-	5,363,010	-	5,363,010	4,829,938
Recognition of earned but unavailable revenue-----	(193)	(19,999)	(1,326)	(21,518)	(61,897)
Change in net position (deficit)-----	\$163,198	\$6,993,463	(\$3,159,639)	\$3,997,022	\$5,158,233

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 Economic Development Trust (Trust) financial activities for the fiscal year ended June 30, 2015 and 2014. Certain reclassifications to the 2014 statement of revenues, expenses, and changes in net position have been made to reclass \$31,500 previously reported as revenues to expenses and to reclass special assessments out of property tax revenue and to reclass net position between net invested in capital assets, restricted for capital projects and unrestricted for unspent bond proceeds and issuance costs paid from debt.

I. B. BASIS OF PRESENTATION

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

The Trust was created as a public trust pursuant to Title 60 of the Oklahoma Statutes, section 176, et seq., on October 9, 2007 with the City named as the beneficiary. The purpose of the Trust is to finance, operate, develop, construct, maintain, manage, market, and administer projects for investments and reinvestments, within or near Oklahoma City in all lawful forms of economic and community development and redevelopment, and for any public functions and purposes with any public or private entity. The provisions of the trust indenture provide that the Trust will lease or otherwise manage the related property, equipment, and improvements financed by the Trust. The Trust has no employees.

The five Trustees are nominated by the Mayor and confirmed by the City Council. The Trust does not have the power to levy taxes. The City has no obligation for debt issued by the Trust.

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

The Trust is a component unit of the City because the City appoints the Board of Trustees (Board) and the Trust is fiscally dependent on the City as major revenues of the Trust are derived from interfund payments from the City for sales and property tax revenues. The Trust's net position represents cash and investments related to bond proceeds, capital assets, TIF sales taxes, and related debt for notes and bonds. The Trust is discretely presented because the majority of the Board is not the same as the voting majority of the City Council.

The Trust is a component unit of the City and is included in the City's financial reporting entity. The financial activity of the Trust is discretely presented in the City's CAFR. CAFR financial statements may be obtained from the Finance Department, Accounting Services Division, 100 N. Walker, Suite 300, Oklahoma City, OK 73102.

Management Agreements

Alliance for Economic Development of Oklahoma City (AEDOC)

The AEDOC functions as a services provider that performs consolidated economic development functions pursuant to service contracts with various agencies. The Trust has a service contract with AEDOC to provide consolidated and coordinated economic development services to the City and the Trust. The agreement is effective May 1, 2011 through June 30, 2016. The thirteen member AEDOC Board includes the City Manager and a City Council representative. AEDOC can be contacted at 105 N. Hudson Suite 100, Oklahoma City, OK 73102.

Oklahoma City Myriad Gardens Foundation (OCMGF)

The OCMGF was created to serve as a conduit for charitable contributions intended to finance a portion of the Myriad Botanical Gardens development. The OCMGF Board of Directors is comprised of thirty nine members. Eight are elected by the OCMGF Board. The remainder are selected by various community organizations including six by the City's Mayor. Financial information can be obtained at 100 Myriad Gardens, Oklahoma City, Oklahoma 73102.

Oklahoma City Economic Development Foundation (OCEDF)

The OCEDF works to improve economic growth in the greater Oklahoma City area. The Trust has a professional services agreement with the OCEDF to provide certain economic development services for the Trust and the City. The agreement was effective July 1, 2014 through June 30, 2015. The agreement calls for OCEDF to assist with business retention and expansion, research, recruitment and marketing as well as managing the application process for the strategic incentive program. Financial information can be obtained at 123 Park Avenue, Oklahoma City, OK 73102.

Trust Administration

The Trust has no employees. Trust activities are performed by City employees. City employees external to the Trust perform some administrative functions which are reimbursed through administrative chargebacks recorded with operating expenses of the Trust.

I. B. 2. BASIC FINANCIAL STATEMENTS

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

Trust-wide Financial Statements

The statement of net position (deficit) reports both short and long-term assets and liabilities specifically including capital assets acquired by the Trust.

The statement of activities reports the revenues and expenses of the Trust's economic development function. Program revenues include charges for services and operating grants and contributions. All other revenues of the Trust 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

Trust-wide Financial Statements

The financial statements of the Trust are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The statement of net position 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.

Fund Financial Statements

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 Trust 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.

General Fund

Economic Development Fund

This fund provides funding for contracts for economic development professional services. In addition, this fund provides funding for miscellaneous economic development projects, including any conduit financing or infrastructure improvements pursuant to an economic development agreement and retail incentives.

Special Revenue Funds

Tax Increment Financing (TIF) Fund

This fund accounts for TIF activities of the Trust. In June of 2008, the City Council approved the Trust as the entity designated to manage economic development projects.

General Obligation Limited Tax (GOLT) Fund

This fund accounts for GOLT financed activities of the Trust. On December 11, 2007 the citizens of the City approved the issuance of \$75 million in GOLT bonds for the purpose of expanding the City's economic base. The GOLT bonds will be repaid with property tax collections by the City. The City designated the Trust to administer the GOLT bond projects.

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 Trust'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, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY

I. D. 1. CASH AND INVESTMENTS

The Trust participates in the investment policy approved by the City Council. The Trust's governing board formally adopted the City's updated deposit and investment policy in November 2012.

The Trust maintains and controls a cash and investment operating pool which functions as a demand deposit account for participating funds of the Trust. 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 Trust engages in non-pooled investing activity for functionally separate activities.

Investments are reported at fair value, which is determined using selected bases. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash equivalents are reported with investments. Cash deposits are reported at carrying amount, which approximates fair value.

I. D. 2. PROPERTY TAXES RECEIVABLE

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

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

I. D. 3. CAPITAL ASSETS AND DEPRECIATION

Property and equipment are stated at actual or estimated historical cost. The Trust 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 position 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.

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

Cost incurred during construction of long-lived assets is recorded as construction in progress and is not depreciated until placed in service. Generally, constructed assets are donated to the City upon final acceptance by the Board and formal acceptance by the City.

I. D. 4. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future or future periods and will not be recognized as revenue until that time. Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as revenue in the period the amounts become available.

I. D. 5. TIF

TIF is an economic development tool that uses future gains in taxes to finance current improvements which will create the conditions for those future gains. When a development project is carried out the increase in the value of surrounding real estate, and perhaps new investment, is expected to increase property and sales tax revenues that are dedicated to finance the debt issued to pay for the project. The City uses TIF to stimulate economic and community development. The Trust along with the Oklahoma City Public Property Trust (OCPPA) and the Oklahoma City Redevelopment Trust (OCRA) have TIF in place.

I. D. 6. 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, non-current receivables and advances, and restricted non-current bond reserve investments.

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 Economic Development Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Fund Balance Usage

The Trust uses restricted amounts to be spent first 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 Position

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

Net Investment in Capital Assets

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

Restricted Net Position

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

I. D. 7. 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. 8. RISK MANAGEMENT

The Trust 's risk management activities are recorded in the City Risk Management Fund and the Oklahoma City Municipal Facilities Authority (OCMFA) Services Fund. The purpose of these funds is to administer property and liability insurance programs of the City, in which the Trust participates. These funds account for the risk financing activities of the Trust and constitute a transfer of risk from the Trust.

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

I. E. MAJOR REVENUES

Revenues primarily consist of payments from the City for TIF sales tax revenues and state match collected and paid to the Trust by the City and payments from the City from GOLT bond proceeds for economic development. Revenues also include TIF property tax collections partially generated by economic development incentives that make possible investment, development, and growth in areas thereby reversing economic stagnation and decline. TIF property taxes designated for TIF districts are 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.

I. F. TAX STATUS

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

I. G. RETAINAGES

It is the policy of the Trust 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 Trust. The City holds the certificate of deposit and the Trust 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 to the Trust to cover any costs incurred. The Trust does not record the effect of holding the certificates of deposit.

II. ASSETS

II. A. DEPOSITS AND INVESTMENTS

Deposits

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

At June 30, 2015 and 2014 the Trust's cash is collateralized with securities held by the pledging financial institution in the name of the Trust or the City, less the Federal depository insurance.

Investments

The Trust 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 Trust'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, 2015				
	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Months to Maturity (2)</u>
Federal obligations	\$8,097,840	\$8,115,893	AA/Aaa	5.40
Money market funds	<u>60,792,372</u>	<u>60,792,372</u>	AAA/Aaa	1.69
	<u>\$68,890,212</u>	<u>\$68,908,265</u>		
June 30, 2014				
	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Months to Maturity (2)</u>
Federal obligations	\$15,046,254	\$15,228,524	AA/Aaa	6.44
Money market funds	<u>65,569,158</u>	<u>65,569,158</u>	AAA/Aaa	1.69
	<u>\$80,615,412</u>	<u>\$80,797,682</u>		

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

Portfolio Structure (1)

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

- (1) Specifically matched cash flows are excluded.
- (2) For investments listed, there is no minimum percentage specified under the policy.
- (3) Includes SLGS.
- (4) For maturities limited to 0-1 year, the minimum percentages allowed under the policy are 5-25%.

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

Bond Indenture Restrictions

The Trust’s bond indenture restricts investments to the: (1) direct obligations of the Department of the Treasury of the U.S.; (2) obligations of any of the following Federal agencies which obligations represent full faith and credit of the U.S. including: (a) Export – Import Bank, (b) Farmers Home Administration, (c) General Services Administration, (d) U.S. Maritime Administration, (e) Small Business Administration, (f) Government National Mortgage Association (GNMA), (g) U.S. Department of Housing & Urban Development (PHA’s), (h) Federal Housing Administration; (3) bonds, notes or other evidences or indebtedness rated “AAA” by Standard & Poor’s Corporation and “Aaa” by Moody’s Investors Service issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years; (4) U.S. dollar denominated deposit accounts, Federal funds and banker’s acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A-1+” by Standard & Poor’s Corporation and “P-1” by Moody’s Investors Service and maturing no more than 360 days after the date of purchase; (5) commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by Standard & Poor’s and “P-1” by Moody’s Investors Service and which matures not more than 270 days after the date of purchase; (6) investments in a money market fund rated in the highest rating categories by Standard & Poor’s Corporation and Moody’s Investors Service; (7) certain pre-refunded municipal obligations; (8) investment agreements supported by appropriate opinions of counsel as to enforceability; and (9) certificates of deposit properly secured at all times by collateral security described in (1) or (2) above. Such certificates of deposit are only acceptable with commercial banks, savings and loan associations, and mutual savings banks.

Investments Held by Others

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust 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 City's name or be held in the name of both parties by the Federal Reserve Bank servicing Oklahoma. The Trust's investments are insured or collateralized with securities held by the Trust, the City, or its agent in the Trust's or the City's name.

Compliance with State Restrictions

Trust investment policy and bond indenture requirements 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 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 Trust and to exercise reasonable care, skill, and caution. Investment decisions must be evaluated not in isolation, but in the context of the Trust's portfolio as a whole and as a part of the overall investment strategy having risk and return objectives reasonably suited to the Trust.

Restricted Deposits and Investments

	<u>2015</u>	<u>2014</u>
Bond principal and interest accounts	\$2,262,361	\$2,279,300
Construction accounts	22,636,762	29,683,093
Bond reserve	<u>9,775,156</u>	<u>9,775,156</u>
	<u>\$34,674,279</u>	<u>\$41,737,549</u>

II. B. RECEIVABLES

Property Taxes Receivable

At June 30, 2015 and 2014, receivables of \$5,811,978 and \$5,827,753, respectively, represent tax incremental financing property taxes. Amounts received 60 days after year-end are recorded as unavailable revenues in governmental funds.

II. C. ECONOMIC INCENTIVE NOTES RECEIVABLE

Midtown HC

During fiscal year 2015 the Trust provided \$1,000,000 to 10th & Broadway Parking, LLC in the form of a low-interest, non-forgivable loan to construct a multi-story parking garage to make possible investment, development and economic growth in the area, thereby reversing economic stagnation and decline. Interest on the note will accrue at 1.5% and the length of the note will not exceed 20 years. As of June 30, 2015 \$1,010,475 is receivable on the note.

Steelyard Residential and Commercial Building Project Note Receivable

During fiscal year 2015 the Trust provided \$1,000,000 to Bricktown Apartments, LLC in the form of a low-interest, non-forgivable loan to rehabilitate infrastructure that is necessary for the development of the residential and commercial project to make possible investment, development and economic growth in the area, thereby reversing economic stagnation and decline. Interest on the note will accrue at 2.5% and the length of the note will not exceed 10 years. As of June 30, 2015 \$1,003,542 is receivable on the note.

21c Hotel & Museum Project Note Receivable

During fiscal year 2015 the Trust provided \$3,300,000 to 21c OKC, LLC in the form of a low-interest, non-forgivable loan for renovation of commercial space into a hotel, art museum and restaurant to make possible investment, development and economic growth in the area, thereby reversing economic stagnation and decline. Interest on the note will accrue at an accelerated rate of 0.5% years 1 through 5, 1.0% years 5 through 7 and 3.0% years 8 through 20. The length of the note will not exceed 20 years. As of June 30, 2015 \$3,300,000 is receivable on the note.

Midtown HC #2 Mixed Use Project Receivable

During Fiscal Year 2015 the Trust provided \$1,100,000 as assistance in development financing to Midtown HC, LLC, the developer of the mixed use project, in anticipation of generating increased property tax value in TIF district #2. Midtown HC, LLC agreed to make a minimum annual payment of \$201,087. The minimum payments will run with the land and continue until the balance is reached or TIF district #2 expires or terminates. As of June 30, 2015, \$1,080,253 is receivable from the developer.

4th Street Residential Project Receivable

During Fiscal Year 2015 the Trust provided \$1,000,000 as assistance in development financing to 4th Street Properties, LLC, the developer of the residential project, in anticipation of generating increased property tax value in TIF district #2. 4th Street Properties, LLC agreed to make a minimum annual payment of \$183,226. The minimum payments will run with the land and continue until the balance is reached or TIF district #2 expires or terminates. As of June 30, 2015, \$852,645 is receivable from the developer.

Carnegie Centre Mixed Use Project Receivable

During Fiscal Year 2015 the Trust provided \$370,000 as assistance in development financing to Carnegie Centre, LLC, the developer of the mixed use project, in anticipation of generating increased property tax value in TIF district #2. Carnegie Centre, LLC agreed to make a minimum annual payment of \$73,978. The minimum payments will run with the land and continue until the balance is reached or TIF district #2 expires or terminates. As of June 30, 2015, \$298,026 is receivable from the developer.

City Center Residential Project Receivable

During Fiscal Year 2015 the Trust provided \$1,250,000 as assistance in development financing to City Center Development, LLC, the developer of the residential project, in anticipation of generating increased property tax value in TIF district #2. City Center Development, LLC agreed to make a minimum annual payment of \$206,368. The minimum payments will run with the land and will continue until the balance is reached or TIF district #2 expires or terminates. As of June 30, 2015, \$975,305 is receivable from the developer.

10th Street Parking Garage and Mixed Use Project Receivable

During Fiscal Year 2015 the Trust provided \$2,000,000 as assistance in development financing to 10th & Broadway Parking, LLC, the developer of the parking garage and mixed use project, in anticipation of generating increased property tax value in TIF district #2. 10th & Broadway Parking, LLC agreed to make a minimum annual payment of \$237,566. The minimum payments will run with the land and continue until the balance is reached or TIF district #2 expires or terminates. As of June 30, 2015, \$2,000,000 is receivable from the developer.

II. D. INTERGOVERNMENTAL ADVANCE FUNDING

On January 18, 2013 the Board of County Commissioners of Oklahoma County requested \$4,000,000 in TIF district #8 funds to support their County Annex Building renovation. On December 9, 2013 Oklahoma County requested and the Trust approved a \$2,000,000 advance distribution to secure a contract for HVAC construction. The County has spent \$339,752 and \$537,803 during 2015 and 2014, respectively. At year-end 2015, the unspent balance of the advance is \$1,372,445.

II. E. CAPITAL ASSETS

Changes in Capital Assets

	2015						
	Capital assets, not depreciated			Capital assets, depreciated			Total Capital Assets, net
	Land	Construction In Progress	Total	Buildings	Infrastructure	Total	
CAPITAL ASSETS							
Balance, June 30, 2014	\$4,202,334	\$16,898,925	\$21,101,259	\$2,472,530	\$10,165,128	\$12,637,658	\$33,738,917
Increases	-	3,852,765	3,852,765	-	6,550	6,550	3,859,315
Transfers	-	(11,888,451)	(11,888,451)	330,597	11,557,854	11,888,451	-
Balance, June 30, 2015	<u>4,202,334</u>	<u>8,863,239</u>	<u>13,065,573</u>	<u>2,803,127</u>	<u>21,729,532</u>	<u>24,532,659</u>	<u>37,598,232</u>
ACCUMULATED DEPRECIATION							
Balance, June 30, 2014				215,120	335,752	550,872	550,872
Increases				56,420	781,410	837,830	837,830
Balance, June 30, 2015				<u>271,540</u>	<u>1,117,162</u>	<u>1,388,702</u>	<u>1,388,702</u>
Capital assets, Net	<u>\$4,202,334</u>	<u>\$8,863,239</u>	<u>\$13,065,573</u>	<u>\$2,531,587</u>	<u>\$20,612,370</u>	<u>\$23,143,957</u>	<u>\$36,209,530</u>
	2014						
	Capital assets, not depreciated			Capital assets, depreciated			Total Capital Assets, net
	Land	Construction In Progress	Total	Buildings	Infrastructure	Total	
CAPITAL ASSETS							
Balance, June 30, 2013	\$4,202,334	\$22,527,503	\$26,729,837	\$2,472,530	\$240,736	\$2,713,266	\$29,443,103
Increases	-	4,295,814	4,295,814	-	-	-	4,295,814
Transfers	-	(9,924,392)	(9,924,392)	-	9,924,392	9,924,392	-
Balance, June 30, 2014	<u>4,202,334</u>	<u>16,898,925</u>	<u>21,101,259</u>	<u>2,472,530</u>	<u>10,165,128</u>	<u>12,637,658</u>	<u>33,738,917</u>
ACCUMULATED DEPRECIATION							
Balance, June 30, 2013				162,557	49,926	212,483	212,483
Increases				52,563	285,826	338,389	338,389
Balance, June 30, 2014				<u>215,120</u>	<u>335,752</u>	<u>550,872</u>	<u>550,872</u>
Capital assets, net	<u>\$4,202,334</u>	<u>\$16,898,925</u>	<u>\$21,101,259</u>	<u>\$2,257,410</u>	<u>\$9,829,376</u>	<u>\$12,086,786</u>	<u>\$33,188,045</u>

Depreciation Expense

Depreciation expense was charged to the Trust in the amount of \$837,830, for the fiscal year ending 2015 and \$338,389 for the fiscal year ending 2014.

III. LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

III. A. TAX ANTICIPATION DEBT

TIF Districts #2 and #3

The City created TIF district #2 on March 7, 2000 and TIF district #3 on July 20, 2004. The OCPPA issued a line of credit to provide the funding for the projects related to the two TIF districts until the permanent TIF financing was finalized. The extended due date of the line of credit was December 31, 2008.

On October 22, 2008, the Trust issued Private Placement Tax Anticipation Note 2008 from JP Morgan Chase Bank, N.A. in the amount of \$25,000,000 with a fixed interest rate of 6.99% for a 16 year term to pay the outstanding principal and interest on the OCPPA TIF districts #2 and #3 line of credit in the amount of \$20,523,262. The balance of proceeds from the 2008 note is available to fund the remaining projects within the TIF districts.

On February 4, 2010, the Trust issued a \$5,000,000 Private Placement Tax Anticipation Note 2010 from JP Morgan Chase Bank, N.A. with a fixed interest rate of 4.20% for a 5 year term. The proceeds from the 2010 note are to fund redevelopment and improvements within the districts. The final payment on the note was on October 1, 2014.

On February 23, 2010, TIF sales tax formally receivable to the OCRA related to TIF districts #2 and #3 were assigned to the Trust.

On April 16, 2014, the Trust issued Private Placement Tax Anticipation Note 2014 from JP Morgan Chase Bank, N.A. in the amount of \$10,000,000, or such lesser amount as may be advanced by the Bank, with a rate of London Interbank Offered Rate (LIBOR) plus 60 basis points and a due date of June 30, 2014. On June 17, 2014 the note was extended to June 30, 2015. On March 15, 2015 the note was extended to June 30, 2016 and the maximum amount was changed from \$10,000,000 to \$18,000,000. On March 30, 2015 the Trust made a draw on the note in the amount of \$6.58 million to pay for completed projects.

At June 30, 2015 and 2014, \$25,260,430 and \$21,425,000, respectively, is outstanding on amounts drawn to fund TIF districts #2 and #3 projects. Of the amount due, \$17,345,000 and \$18,680,000 is reported with non-current liabilities at June 30, 2015 and 2014, respectively.

TIF Districts #4 and #5

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, OCPPA approved the incurrence of indebtedness to JP Morgan Chase for a \$12,000,000 line of credit (LOC) with a rate of 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 LOC by an additional \$4,000,000 to \$16,000,000 to fund a site improvement contract for dynamic compaction. On November 14, 2006, OCPPA authorized the extension of the terms of the note that increased the amount to \$16,000,000 and extended the maturity date to December 1, 2007. On November 20, 2007, the OCPPA authorized an extension of the maturity date to December 1, 2008. On November 18, 2008, the OCPPA authorized an extension of the LOC maturity date to June 30, 2009; a decrease in the LOC from \$16,000,000 to \$13,000,000; and an increase in interest rate to LIBOR (30 day) plus 90 basis points. On June 23, 2009, the OCPPA authorized an extension of the maturity date to June 30, 2010, a decrease in the LOC to \$12,000,000, and an increase in the interest rate to LIBOR plus 105 basis points. On June 21, 2011, the OCPPA authorized an extension of the LOC maturity date to June 30, 2012; a decrease in the LOC from \$12,000,000 to \$11,000,000; and an increase in the interest rate to LIBOR plus 115 basis points. On June 26, 2012, the Trust authorized an extension of the LOC maturity date to June 30, 2013; a decrease in the LOC from \$11,000,000 to \$10,000,000; and a decrease in the interest rate to LIBOR plus 100 basis points. On June 11, 2013, the Trust authorized an extension of the LOC maturity date to June 30, 2014; a decrease in the LOC from \$10,000,000 to \$9,000,000; and a decrease in the interest rate to LIBOR plus 85 basis points. On June 11, 2014, the Trust authorized an extension of the LOC maturity date to June 30, 2015; a decrease in the LOC from \$9,000,000 to \$8,000,000; and keeping the interest rate to LIBOR plus 85 basis points. On June 29, 2015, the Trust authorized an extension of the LOC maturity date to June 30, 2016; a decrease in the LOC from \$8,000,000 to \$6,000,000; and keeping the interest rate to LIBOR plus 85 basis points.

NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

OKLAHOMA CITY ECONOMIC
DEVELOPMENT TRUST

In March, 2012, the City Council and the Boards of the Trust and OCPPA jointly resolved to assign the OCPPA Tax Anticipation Note, 2006, to the tax anticipation debt obligation related to TIF districts #4 and #5 from the OCPPA to the Trust and approved the related transfer of funds from OCPPA to the Trust. This indebtedness was transferred to the Trust.

At June 30, 2015 and 2014, \$4,809,577 and \$6,000,000, respectively, is outstanding on amounts drawn to fund TIF districts #4 and #5.

Changes in Tax Anticipation Debt

	2015				
	Balance	Issued/	Retired	Balance	Effective
	<u>July 1, 2014</u>	<u>Transferred</u>		<u>June 30, 2015</u>	<u>Interest Rate</u>
2008 TIF districts #2 and #3	\$19,925,000	\$ -	\$1,245,000	\$18,680,000	6.99%
2010 TIF districts #2 and #3	1,500,000	-	1,500,000	-	4.20
2014 TIF districts #2 and #3	-	6,580,430	-	6,580,430	0.79
TIF districts #4 and #5	6,000,000	-	1,190,423	4,809,577	1.00
TIF interest payable	<u>358,954</u>	<u>1,358,037</u>	<u>1,380,951</u>	<u>336,040</u>	
	<u>\$27,783,954</u>	<u>\$7,938,467</u>	<u>\$5,316,374</u>	<u>\$30,406,047</u>	
	2014				
	Balance	Issued	Retired	Balance	Effective
	<u>July 1, 2013</u>	<u>Issued</u>	<u>Retired</u>	<u>June 30, 2014</u>	<u>Interest Rate</u>
2008 TIF districts #2 and #3	\$21,085,000	\$ -	\$1,160,000	\$19,925,000	6.99%
2010 TIF districts #2 and #3	2,750,000	-	1,250,000	1,500,000	4.20
TIF districts #4 and #5	6,500,000	-	500,000	6,000,000	1.00
TIF interest payable	<u>391,892</u>	<u>1,489,794</u>	<u>1,522,732</u>	<u>358,954</u>	
	<u>\$30,726,892</u>	<u>\$1,489,794</u>	<u>\$4,432,732</u>	<u>\$27,783,954</u>	

Tax Anticipation Debt Service Requirements to Maturity

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$12,725,007	\$1,274,941	\$13,999,948
2017	1,435,000	1,160,739	2,595,739
2018	1,535,000	1,058,608	2,593,608
2019	1,650,000	947,303	2,597,303
2020	1,770,000	828,834	2,598,834
2021-2025	<u>10,955,000</u>	<u>2,020,984</u>	<u>12,975,984</u>
	<u>\$30,070,007</u>	<u>\$7,291,409</u>	<u>\$37,361,416</u>

Pledged Revenues

The Trust issued and assumed tax anticipation notes to support its economic development activities. The TIF Fund financial statements report revenue-supported debt. In 2015 and 2014, the Trust recognized \$7,424,262 and \$7,597,072, respectively, in property taxes and \$669,172 and \$666,273 in payments from the City for sales tax. In addition, if the principal and interest on the TIF debt is not paid as due, the City transfers amounts sufficient to pay the principal and interest due.

III. B. TAX APPORTIONMENT BONDS

Bond Issuance

On April 1, 2013, the Trust issued \$116,445,000 Tax Apportionment Bonds, Series 2013A. The proceeds of \$116,445,000 from the bonds, less \$881,498 in issuance costs, to be used to finance construction projects in the Myriad Botanical Gardens, the Bicentennial park, and various streetscape projects in the City. The funds will also be used with future economic development projects, to the extent available.

On April 1, 2013, the Trust issued \$23,840,000 Tax Apportionment Bonds, Series 2013B. The proceeds of \$26,295,445, including bond premiums of \$2,455,445, from the bonds, less \$313,289 in issuance costs, to be used to finance construction of various other infrastructure and public improvements in downtown Oklahoma City.

The Trust is a third party beneficiary of an agreement between the Oklahoma City Urban Renewal Authority and Devon. Per the agreement, Devon will pay a minimum annual amount of ad valorem property taxes of \$11,300,000 to cover the Trust's debt service for the bonds. The payment is to be made by December 31 of each year, with the final payment on December 31, 2034. These property taxes are pledged for the repayment of the bonds.

Bonded Debt Service Requirements to Maturity

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$5,275,000	\$4,524,060	\$9,799,060
2017	5,335,000	4,472,631	9,807,631
2018	5,420,000	4,399,220	9,819,220
2019	5,515,000	4,311,091	9,826,091
2020	5,635,000	4,200,515	9,835,515
2021-2025	30,635,000	18,687,232	49,322,232
2026-2030	36,535,000	13,057,399	49,592,399
2030-2034	<u>35,500,000</u>	<u>4,438,342</u>	<u>39,938,342</u>
	<u>\$129,850,000</u>	<u>\$58,090,490</u>	<u>\$187,940,490</u>

Tax Apportionment Bonds Outstanding

	<u>Amount</u>	<u>Interest</u>	<u>Issue</u>	<u>Principal</u>	<u>2015</u>	<u>2014</u>
	<u>Issued</u>	<u>Rate %</u>	<u>Date</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Principal</u>
					<u>Balance</u>	<u>Balance</u>
Tax Apportionment Bonds, Series 2013A	\$116,445,000	.40-4.30%	4/1/2013	3/1/2032	\$106,010,000	\$111,240,000
Tax Apportionment Bonds, Series 2013B	23,840,000	5.00%	4/1/2013	3/1/2034	<u>23,840,000</u>	<u>23,840,000</u>
					<u>\$129,850,000</u>	<u>\$135,080,000</u>

Bond Coverage

	<u>2015</u>	<u>2014</u>
Net revenue available for debt service	<u>\$11,305,424</u>	<u>\$11,301,318</u>
Principal amounts	\$9,535,000	\$9,535,000
Interest amounts	<u>476,750</u>	<u>476,750</u>
Total debt service requirements	<u>\$10,011,750</u>	<u>\$10,011,750</u>
Tax apportionment bond coverage	<u>1.12</u>	<u>1.10</u>

The bond indenture requires the payment of principal and interest from Increment Revenues. Increment Revenues are revenues derived from the ad valorem taxes apportioned within Oklahoma City Increment District #8. In addition, expenses are excluded as they do not affect funds available for debt service.

Pledged Revenues

The Trust issued tax anticipation bonds to support its economic development activities. The TIF Fund financial statements report revenue-supported debt. In 2015 and 2014, the Trust recognized \$5,206,893 and \$5,155,126, respectively, in special assessments and \$6,435,814 and \$6,146,192, respectively, in property taxes. In addition, if the principal and interest on the TIF debt is not paid as due, the City transfers amounts sufficient to pay the principal and interest due.

III. C. CHANGES IN LONG-TERM DEBT

	2015					
	Balance	Issued	Retired	Balance	Due Within One Year	Due After One Year
	July 1, 2014			June 30, 2015		
Tax apportionment bonds	<u>\$135,080,000</u>	<u>\$ -</u>	<u>\$5,230,000</u>	<u>\$129,850,000</u>	<u>\$5,275,000</u>	<u>\$124,575,000</u>

	2014					
	Balance	Issued	Retired	Balance	Due Within One Year	Due After One Year
	July 1, 2013			June 30, 2014		
Tax apportionment bonds	<u>\$140,285,000</u>	<u>\$ -</u>	<u>\$5,205,000</u>	<u>\$135,080,000</u>	<u>\$5,230,000</u>	<u>\$129,850,000</u>

III. D. ACTIVITIES WITH REVENUE SUPPORTED DEBT

The Trust issued tax apportionment bonds to finance construction projects. The financial statements report revenue-supported debt. The Trust recognized \$11,642,707 and \$11,301,318 in TIF district #8 special assessments and property taxes to pay the tax apportionment bonds in 2015 and 2014, respectively.

TIF District #8 Condensed Statement of Net Position (Deficit)

	2015	2014
<u>ASSETS</u>		
Current Assets	\$40,957,766	\$44,527,310
Non-current assets	<u>38,444,848</u>	<u>36,409,817</u>
Total Assets	<u>79,402,614</u>	<u>80,937,127</u>
<u>LIABILITIES</u>		
Current Liabilities	10,075,131	8,145,201
Non-current liabilities	<u>126,756,676</u>	<u>132,153,351</u>
Total Liabilities	<u>136,831,807</u>	<u>140,298,552</u>
<u>NET POSITION (DEFICIT)</u>		
Net investment in capital assets	18,065,486	9,442,750
Restricted	2,264,180	2,279,300
Unrestricted	<u>(77,758,856)</u>	<u>(71,083,469)</u>
Total net position (deficit)	<u>(\$57,429,190)</u>	<u>(\$59,361,419)</u>

TIF District #8 Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2015	2014
<u>OPERATING INCOME (EXPENSES)</u>		
Operating revenues	\$12,679,653	\$11,476,623
Depreciation expense	(670,419)	(275,832)
Other operating expenses	<u>(10,078,024)</u>	<u>(6,299,934)</u>
Operating income (loss)	<u>1,931,210</u>	<u>4,900,857</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Transfers	=	<u>(2,102)</u>
Changes in net position (deficit)	<u>1,931,210</u>	<u>4,898,755</u>
Beginning net assets	<u>(59,360,400)</u>	<u>(64,260,174)</u>
Ending net position (deficit)	<u>(\$57,429,190)</u>	<u>(\$59,361,419)</u>

III. E. GUARANTEED DEBT

Implementation of New Accounting Standard

Effective July 1, 2013, the Trust implemented GASB statement number 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the governments will be required to make a payment on the guarantee. This statement also specifies the information required to be disclosed by governments extending nonexchange financial guarantees as well as governments that receive nonexchange financial guarantees.

The City has executed an agreement of support which guarantees the City will fund debt service and bond reserve requirements for the Series 2013A and Series 2013B bonds, as well as, the 2006 Tax Anticipation note, 2008 Tax Anticipation note, 2010 Tax Anticipation note, and 2014 Tax Anticipation Note. Under Oklahoma law, the City may only be obligated to transfer up to the end of its fiscal year (June 30) and has no legal obligation or promise to transfer beyond its fiscal year. The debt instruments recognize the limitations set by state law and the City's moral obligation to renew the guarantees. The debt instruments require the City to renew the guarantees annually. The City did not and was not required to fund debt service for the Trust in 2015 or any preceding year in which the debt was outstanding.

<u>Maximum of Bond Reserve or Bond Debt Service Requirements</u>	<u>Total Amount Guaranteed (1)</u>	<u>Total Amount Outstanding</u>
Tax apportionment bonds, Series 2013A	\$8,607,060	\$106,010,000
Tax apportionment bonds, Series 2013B	<u>1,192,000</u>	<u>23,840,000</u>
	<u>9,799,060</u>	<u>129,850,000</u>
<u>Debt Service Requirements</u>		
2008 TIF districts #2 and #3 tax anticipation note	2,595,862	18,680,000
2014 TIF districts #2 and #3 tax anticipation note	6,593,415	6,580,430
TIF districts #4 and #5 tax anticipation note	<u>4,810,671</u>	<u>4,809,577</u>
	<u>13,999,948</u>	<u>30,070,007</u>
	<u>\$23,799,008</u>	<u>\$159,920,007</u>

(1) The amount guaranteed is only the amount of debt service due on or before June 30, 2016 and covered under the guarantee effective July 1, 2015. It is anticipated that the guarantees will be renewed annually.

III. F. ARBITRAGE COMPLIANCE

Proceeds from tax-exempt revenue bonds issued after September 1, 1986, are subject to the 1986 Tax Reform Act. The Trust 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 Trust did not have an arbitrage liability as of June 30, 2015.

III. G. DEFERRED INFLOWS OF RESOURCES

Unavailable Revenues

Unavailable revenue in the governmental fund financial statements includes revenue received more than 60 days following year-end (unavailable to pay liabilities of the current period). Governmental funds reported unavailable revenues of \$5,822,139 and \$5,843,653 at June 30, 2015 and 2014, respectively. Of this amount, \$10,157 and \$15,900 is from unavailable investment earnings, and \$5,811,978 and \$5,827,753 is from property taxes at June 30, 2015 and 2014, respectively.

IV. FUND EQUITY

IV. A. FUND BALANCE

Non-spendable

	<u>2015</u>	<u>2014</u>
Prepays	\$ -	\$220,222
Intergovernmental advance funding	1,372,445	1,462,917
Long-term receivable from the City	6,000,000	6,000,000
Notes receivable, non-current	<u>9,570,700</u>	<u>-</u>
	<u>\$16,943,145</u>	<u>\$7,683,139</u>

Restricted Fund Balance

	<u>2015</u>	<u>2014</u>
Restricted for TIF #2 projects	(\$4,063,057)	(\$6,381,410)
Restricted for TIF #4 projects	(3,826,130)	(5,177,617)
Restricted for TIF #8 projects	30,641,056	25,997,302
Restricted for debt service	9,775,156	9,775,156
Restricted for GOLT bond economic development	13,305,802	16,243,892
Reallocation for negative restricted	<u>7,889,187</u>	<u>11,559,027</u>
	<u>\$53,722,014</u>	<u>\$52,016,350</u>

Assigned Fund Balance

	<u>2015</u>	<u>2014</u>
Assigned for encumbrances of the Economic Development Fund	\$216,128	\$1,493,554
Assigned for OCMGF administration	476,633	306,777
Assigned for outlet mall marketing	(589,093)	(595,587)
Reallocation for negative unassigned	<u>(103,668)</u>	<u>(1,204,744)</u>
	<u>\$-</u>	<u>\$-</u>

Unassigned

	<u>2015</u>	<u>2014</u>
Unassigned	(\$9,277,239)	\$8,623,150
Restricted negative fund balance	(7,889,187)	(11,559,027)
Reallocation of negative unassigned fund balance	<u>103,668</u>	<u>1,204,744</u>
	<u>(\$17,062,758)</u>	<u>(\$1,731,133)</u>

Encumbrances

Encumbrances of \$10,626,212 and \$3,921,243 at June 30, 2015 and 2014, respectively, are reported with restricted fund balances. Encumbrances related to unassigned fund balance are considered and reported as assigned fund balance.

IV. B. NET POSITION

Net Investment in Capital Assets

	<u>2015</u>	<u>2014</u>
Capital assets, net	\$36,209,530	\$33,188,045
Tax anticipation debt	(30,406,047)	(27,783,954)
Non-capital related tax anticipation debt	26,576,629	24,160,436
Bonds payable, net	(132,031,676)	(137,383,351)
Non-capital related bonds payable	118,098,035	120,401,388
Bond accounts funded with bond proceeds (1)	3,419,461	4,877,039
Bond issuance costs paid with bond proceeds (1)	126,044	148,072
Retainages and capital related accounts payable	<u>(614,192)</u>	<u>(783,468)</u>
	<u>\$21,377,784</u>	<u>\$16,824,207</u>

(1) Amounts funded with bond proceeds have been allocated to net invested in capital assets based on the ratio of capital and non-capital related bonds payable

Restricted for Capital Projects

	<u>2015</u>	<u>2014</u>
Bond construction account	\$22,636,762	\$29,683,093
Bond construction account funded with bond proceeds	<u>(22,636,762)</u>	<u>(29,683,093)</u>
	<u>\$-</u>	<u>\$-</u>

Restricted for Debt Service

	<u>2015</u>	<u>2014</u>
Bond principal and interest accounts	\$2,262,361	\$2,279,300
Bond reserve account	9,775,156	9,775,156
Bond reserve funded with bond proceeds	<u>(9,775,156)</u>	<u>(9,775,156)</u>
	<u>\$2,262,361</u>	<u>\$2,279,300</u>

Restricted for Public Services

	<u>2015</u>	<u>2014</u>
Restricted for TIF #2 projects	(\$5,775,754)	(\$3,763,320)
Restricted for TIF #4 projects	(3,056,349)	(3,838,565)
Restricted for TIF #8 projects	(42,760,424)	(75,924,811)
Restricted for GOLT bond economic development	19,313,129	22,480,224
Reallocation for negative restricted	<u>51,592,527</u>	<u>83,526,696</u>
	<u>\$19,313,129</u>	<u>\$22,480,224</u>

Unrestricted

	<u>2015</u>	<u>2014</u>
Unrestricted	(\$29,266,373)	\$40,317
Restricted negative net position	<u>(51,592,527)</u>	<u>(83,526,696)</u>
	<u>(\$80,858,900)</u>	<u>(\$83,486,379)</u>

Deficit Net Position

Deficit net position of \$37,905,626 and \$41,902,648 was reported for fiscal years 2015 and 2014, respectively. The Trust has tax anticipation and bonded debt which is used to fund economic development including the construction or purchase of capital assets which will be subsequently transferred to others. This results in a deficit net position which will be reported for the life of the bonds. With repayment of debt, the deficit net position will eventually be eliminated.

V. INTERFUND TRANSACTIONS

V. A. INTERFUND BALANCES

Receivable From/Payable to the City

		2015			
<u>RECEIVABLE FROM</u>	<u>Purpose</u>	<u>Economic Development</u>	<u>TIF</u>	<u>GOLT</u>	<u>Total</u>
City General Fund	Bank service fees	\$ -	\$430	\$ -	\$430
City General Fund	Softball Hall of Fame construction	-	-	6,000,000	6,000,000
City TIF Fund	TIF sales tax	-	2,561,394	-	2,561,394
City Capital Improvement Fund	Quiet Zone Project	-	1,314,905	-	1,314,905
		<u>\$ -</u>	<u>\$3,876,729</u>	<u>\$6,000,000</u>	<u>\$9,876,729</u>

<u>PAYABLE TO</u>	<u>Purpose</u>	<u>Economic Development</u>	<u>TIF</u>	<u>GOLT</u>	<u>Total</u>
City General Fund	Overfunded administrative subsidies	\$628,766	\$ -	\$ -	\$628,766
City General Fund	Administrative Fees	-	37,857	-	37,857
		<u>\$628,766</u>	<u>\$37,857</u>	<u>\$ -</u>	<u>\$666,623</u>

		2014			
<u>RECEIVABLE FROM</u>	<u>Purpose</u>	<u>Economic Development</u>	<u>TIF</u>	<u>GOLT</u>	<u>Total</u>
City General Fund	Bank service fees & unused subsidy	\$48,766	\$1,165	\$ -	\$49,931
City Capital Improvement Fund	Softball Hall of Fame construction	-	-	6,000,000	6,000,000
City TIF Fund	TIF sales tax	-	2,317,827	-	2,317,827
City Special Purpose Fund	Art allocation for projects	-	10,196	-	10,196
		<u>\$48,766</u>	<u>\$2,329,188</u>	<u>\$6,000,000</u>	<u>\$8,377,954</u>

<u>PAYABLE TO</u>	<u>Purpose</u>	<u>Economic Development</u>	<u>TIF</u>	<u>GOLT</u>	<u>Total</u>
City General Fund	Overfunded administrative subsidies	\$757,180	\$ -	\$ -	\$757,180
City Stormwater Drainage Fund	Construction related costs	-	12,882	-	12,882
		<u>\$757,180</u>	<u>\$12,882</u>	<u>\$ -</u>	<u>\$770,062</u>

V. B. INTERFUND PAYMENTS

Interfund Payments To/From the City

		2015			
<u>PAYMENTS FROM</u>	<u>Purpose</u>	<u>Economic Development</u>	<u>TIF</u>	<u>GOLT</u>	<u>Total</u>
City General Fund	Administrative subsidies	\$3,684,414	\$ -	\$ -	\$3,684,414
City General Fund	GOLT Funding	-	-	26,800,000	26,800,000
City TIF Fund	TIF sales tax	-	1,338,344	-	1,338,344
		<u>\$3,684,414</u>	<u>\$1,338,344</u>	<u>\$26,800,000</u>	<u>\$31,822,758</u>

(continued)

Interfund Payments To/From the City (continued)

PAYMENTS TO

City General Fund	Administrative subsidies	\$18,322	\$ -	\$ -	\$18,322
City Capital Improvement Fund	Capital improvement	-	300,000	-	300,000
City General Fund	Capital improvement	18,853	358,086	-	376,939
City Special Purpose Fund	Art allocation for projects	-	10,196	-	10,196
City TIF Fund	Trust administration	<u>-</u>	<u>217,646</u>	<u>162,341</u>	<u>379,987</u>
		<u>\$37,175</u>	<u>\$885,928</u>	<u>\$162,341</u>	<u>\$1,085,444</u>

2014

PAYMENTS FROM

	<u>Purpose</u>	<u>Economic Development</u>	<u>TIF</u>	<u>GOLT</u>	<u>Total</u>
City General Fund	Administrative subsidies	\$2,786,421	\$ -	\$ -	\$2,786,421
City TIF Fund	TIF sales tax	<u>-</u>	<u>1,583,053</u>	<u>-</u>	<u>1,583,053</u>
		<u>\$2,786,421</u>	<u>\$1,583,053</u>	<u>\$-</u>	<u>\$4,369,474</u>

PAYMENTS TO

City General Fund	TIF sales tax	\$ -	\$312,002	\$ -	\$312,002
City TIF Fund	Trust administration	<u>12,461</u>	<u>224,259</u>	<u>137,733</u>	<u>374,453</u>
		<u>\$12,461</u>	<u>\$536,261</u>	<u>\$137,733</u>	<u>\$686,455</u>

Interfund Payments To/From Component Units of the City

In 2015, the Trust paid \$1,000,000 to the OCPPA for renovation of owned parking garages and \$103,000 to OCPPA for maintenance of landscaping and irrigation systems throughout the Downtown Business Improvement District. In 2014, the Trust donated \$1,500,000 to the Oklahoma City Metropolitan Area Public Schools for the construction at John W. Rex Charter School.

VI. REVENUES AND EXPENDITURES

On August 25, 2009, the Trust purchased property for economic development. The property was occupied at the time of purchase. The occupants of the property have a month to month arrangement to pay the trust \$1,250 per month. The Trust received \$15,000 and \$14,996 in rent payments during 2015 and 2014, respectively.

VII. LONG-TERM COMMITMENTS

Economic Development Fund Commitments

In 2010, the Trust entered into an agreement to reimburse regional marketing expenses for the outlet mall up to \$5,500,000 over a 10 year period. For the year ended June 30, 2015 and 2014, the Trust reimbursed \$626,742 and \$524,852, respectively.

TIF Funded Commitments

On April 23, 2014 the Trust approved the allocation of \$1,500,000 to Oklahoma City Public Schools District I-89 for the relocation and renovation of the administrative offices and Emerson School. As of June 30, 2015 the funds have not been requested by the school district.

As of June 30, 2015 and 2014, the Trust has approved TIF funded projects with outstanding commitments of \$11,279,106 and \$4,129,771, respectively.

As of June 30, 2015 and 2014, the Trust has approved TIF funds for assistance in development financing of \$14,560,000 and \$4,100,000, respectively.

GOLT Bond Funded Commitments

The first series of the authorized bond issue was in March 2008. The proceeds less the issuance cost were transferred to the Trust in the amount of \$35,912,844 since the authorization of the bonds. An incentive funding program has been established and is used to negotiate with prospective companies and is generally awarded based on the company's performance. An annual review of those companies is performed to satisfy the requirements of their contracts. During the fiscal year 2015 the Trust has approved allocation of the GOLT bond proceeds of \$32,850,000 and paid \$29,629,582. Commitments decreased \$808,675 due to the companies inability to meet performance goals and changes in previous commitments. During the fiscal year 2014, the Trust has approved allocation of the GOLT bond proceeds of \$4,723,216 and paid \$1,498,540

In 2015, the Trust allocated and paid GOLT Bond fund commitments in the amount of \$23,500,000 to assist the U.S. Air Force in the purchase of a 156 acre site to construct a 14 hanger complex. It is anticipated, based on the projected new jobs that will be created under the KC-46A program at Tinker Air Force base, that approximately \$21,100,000 million of the payment will be recouped from job creation incentive payments made by the State of Oklahoma under the Oklahoma Quality Jobs Program Act between 2018 and 2033.

	<u>2015</u>	<u>2014</u>
	<u>Outstanding Award</u>	<u>Outstanding Award</u>
CSAA California State Association	\$ -	\$490,932
Paycom #1, #2, & #3	2,325,000	1,689,000
ARINC	335,000	447,500
The Boeing Company #1, #2, & #3	8,463,100	4,846,000
Continental Resources	2,187,225	4,174,950
Centek LTD	30,000	92,750
Cameron International	343,000	-
Grocery Supply Acquisition Group	35,600	96,050
General Electric	1,619,000	1,000,000
FMC Technologies	236,000	-
Baker Hughes	850,000	850,000
UE Manufacturing	-	40,000
ATT	-	300,000
Terex Corporation	-	2,000,000
Tapstone	1,330,000	-
Sutherland Global Service	235,000	-
Enable Midstream Services LLC	450,000	-
	<u>\$18,438,925</u>	<u>\$16,027,182</u>

VIII. REVENUES AND EXPENSES/EXPENDITURES

VIII. A. REVENUES

Special Assessments

The Trust has a special assessment arrangement with Devon in which Devon has agreed to pay minimum annual ad valorem property taxes of \$11,300,000 each year until December 31, 2034. In 2015 and 2014, the Trust recognized \$5,206,893 and \$5,155,126, respectively, in excess ad valorem property taxes from Devon.

VIII. B. EXPENSES/EXPENDITURES

Administrative Chargebacks

For fiscal years ending June 30, 2015 and 2014, the Trust reported payments to the City to reimburse for the cost of providing administrative and operational services of \$379,989 and \$374,452, respectively.

Management Fees

For fiscal years ending June 30, 2015 and 2014, the Trust reported payments to the related parties for economic development services of \$2,747,200 and \$2,744,900, respectively.

	<u>2015</u>	<u>2014</u>
OCMGF	\$1,547,200	\$1,544,900
OCEDF	900,000	900,000
AEDOC	<u>300,000</u>	<u>300,000</u>
	<u>\$2,747,200</u>	<u>\$2,744,900</u>

**Independent Auditor's 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 Economic Development Trust
Oklahoma City, Oklahoma

We have audited, 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 governmental activities and each major fund of the Oklahoma City Economic Development Trust (the Trust), a discretely presented component unit of the City of Oklahoma City, Oklahoma (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements and have issued our report thereon dated December 4, 2015, which contains an *Other Matter* paragraph relating to the prior year comparative information.

Internal Control over Financial Reporting

Management of the Trust is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the Trust's internal control to determine the audit procedures that are appropriate in the circumstances 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 Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control described in the accompanying schedule of findings and responses as item 15-01 that we consider to be a significant deficiency in internal control.

Board of Trustees
Oklahoma City Economic Development Trust

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust'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*.

Trust's Response to the Finding

The Trust's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Trust's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We also noted certain matters that we reported to the Trust's management in a separate letter dated December 4, 2015.

The Independent Auditor's 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* of the City should be read in conjunction with this report.

Purpose of This Report

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

BKD, LLP

Oklahoma City, Oklahoma
December 4, 2015

Oklahoma City Economic Development Trust
Schedule of Findings and Responses
Year Ended June 30, 2015

Reference Number	Finding
15-01	<p>Criteria or Specific Requirement – Management of Oklahoma City Economic Development Trust (OCEDT) is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – The information received from the Economic Development Program, which is used by the Accounting Services Division to make accounting entries for economic development project liabilities and receivables, was calculated for the wrong time period, resulting in required audit adjustments to reduce GOLT commitments payable and to increase economic development project receivables.</p> <p>Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – As indicated above, current year audit entries were required to correct economic development project liabilities and receivables.</p> <p>Cause – The information received by the Accounting Services Division from the Economic Development Program for economic development project liabilities and receivables was not sufficient to allow the Accounting Services Division to make the proper accounting entries for these accounts.</p> <p>Recommendation – We recommend that Accounting Services Division management work with the City’s Economic Development Program to educate them on the time span of information needed by the Accounting Services Division to properly account for economic development project liabilities and receivables. We also recommend the Economic Development Program implement a review process over the information provided to the Accounting Services Division to improve the quality and accuracy of the information provided.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We agree. The Economic Development Program will implement a review process for information provided for financial statements. The Accounting Services Division will work with the Economic Development Program to ensure correct information is provided for financial statements.</p>

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