Oklahoma City Public Property Authority

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

Annual Financial Report | for the Fiscal Year ended June 30, 2015

Photo courtesy of the Oklahoma City National Memorial & Museum

THE OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

A Blended Component Unit of
Oklahoma City, Oklahoma

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

THE OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

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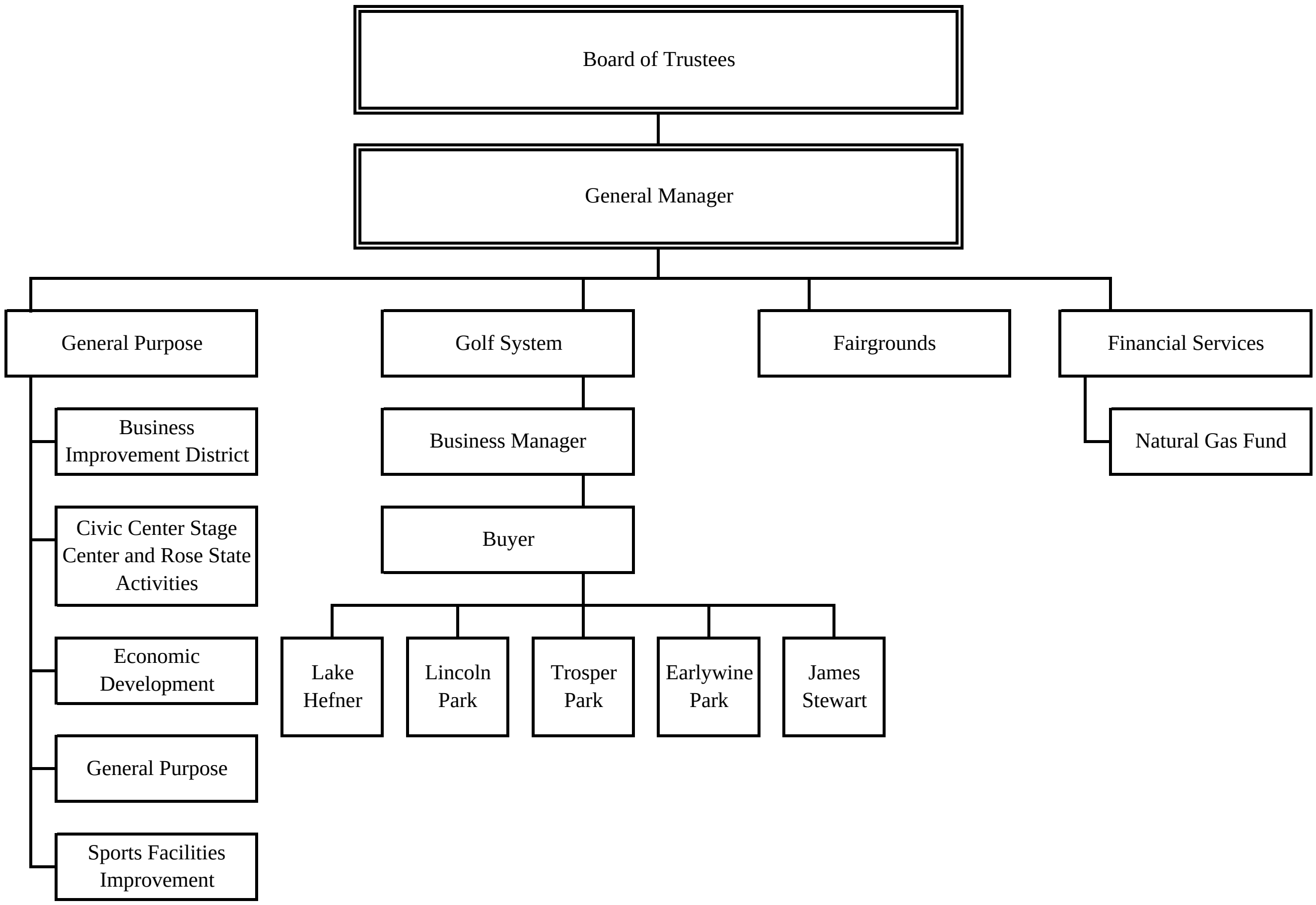

Introductory Section

The City of
OKLAHOMA CITY
DEPARTMENT OF FINANCE

December 4, 2015

The Board of Trustees
Oklahoma City Public Property Authority

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

The Authority's annual report includes the independent auditor's reports, management's discussion and analysis (MD&A), Authority-wide, fund, and combining financial statements, related notes, and required supplementary information. Management's narrative on the financial activities of the Authority for the fiscal year ended June 30, 2015, is in the MD&A section of this report, immediately following the independent auditor's report on financial statements and supplementary information. The Authority's reporting entity is comprised of financial and operating activities conducted within the legal framework of the Authority. Only funds within that framework are included. The Authority is a blended component unit of the City of Oklahoma City (City) and, as such, is included within the funds of the City's Comprehensive Annual Financial Report (CAFR).

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

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

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

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

During 2015, the Authority placed into service the new clubhouse for the Lincoln Park Golf Course. The project included the demolition and the removal of the existing structure, parking lot construction and resurfacing and the construction of the new clubhouse with golf shop, restaurant, event hall and conference rooms.

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

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

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

Respectfully submitted,

James D. Couch	Craig Freeman	Laura L. Papas
City of Oklahoma City,	City of Oklahoma City,	City of Oklahoma City,
General Manager	Finance Director	Controller

Financial Section

BKD LLP
CPAs & Advisors

Two Leadership Square South Tower // 211 N. Robinson Avenue, Suite 600 // Oklahoma City, OK 73102-9421
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Independent Auditor's Report on Financial Statements and Supplementary Information

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Oklahoma City Public Property Authority (the Authority), a blended 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 Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Combined Operations of the Cox Convention Center and the Chesapeake Energy Arena, as managed by SMG, an agent operating these facilities, which reflect total assets of $9,361,901 and net position of $4,441,887 at June 30, 2015, and total operating revenues of $15,804,149 and total operating expenses of $22,528,355 for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Combined Operations of the Cox Convention Center and the Chesapeake Energy Arena, as managed by SMG, which are reported within the Authority's governmental activities and general purpose fund financial statements, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of The Combined Operations of the Cox Convention Center and the Chesapeake Energy Arena, as managed by SMG, which are reported within the Authority's governmental activities and general purpose fund financial statements, were not audited in accordance with *Government Auditing Standards.*

An audit 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Authority as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Trustees
Oklahoma City Public Property Authority

Emphasis of Matter

As discussed in *Note IV.B* to the financial statements, in 2015, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

As discussed in *Note IV.B* to the financial statements, the 2014 financial statements have been restated to correct a misstatement.

Our opinions are not modified with respect to these matters.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefit information listed in the table of contents 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance; however, we noted the 2014 balances presented in the management's discussion and analysis do not reflect the adjustments for GASB Statement No. 68 adoption or for the prior period adjustment disclosed in *Note IV.B*.

Supplementary Information

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

Other Information

Our audit was 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 audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2015, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority'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 Public Property Authority (Authority) annual financial report, the Authority's management provides narrative discussion and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2015. The Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Additional information is available in the transmittal letter which precedes this discussion and analysis. The Authority is a blended component unit of the City of Oklahoma City.

Financial Summary

- Authority assets and deferred outflows exceeded liabilities and deferred inflows by $87,785,226 (net position) for 2015. This compares to the previous year when assets exceeded liabilities by $95,359,831.

- Total liabilities for the Authority decreased by $5,956,619 to $104,756,784 during the fiscal year.

- Total net position is comprised of the following:
  (1) Net investment in capital assets of $76,242,805 include property and equipment, net of accumulated depreciation and reduced for outstanding debt related to the purchase or construction of capital assets.
  (2) Restricted net position of $4,206,693 is restricted for capital projects and debt service.
  (3) Restricted net position of $2,941 is restricted for public service.
  (4) Restricted net position of $2,893,794 is restricted for culture and recreation.
  (5) Unrestricted net position is $4,438,993.

- The Authority's governmental fund reported total ending fund balance of $12,942,985 this year. This compares to the prior year ending fund balance of $10,824,131, showing an increase of $2,118,854 during the current year.

Overview of the Financial Statements

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

Authority-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Fund

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

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

Proprietary Funds

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

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

Notes to the Financial Statements

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

Other Information

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

Financial Analysis

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

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

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

The Authority's net position at fiscal year-end is $87,785,226. This is a decrease of $7,574,605 from last year's net position. Overall the Authority's financial position declined during fiscal year 2015. The 2014 financial statements were not restated for the prior period adjustment of $2.38 million to the 2015 beginning net position. During 2015, the Authority adopted Governmental Accounting Standards Board (GASB) statement number 68, as amended. The balances for 2014 were not restated for the adoption of this standard. See notes to the financial statements following the basic financial statements for more information.

Summary of Net Position

	Governmental Activities		Business-type Activities		Totals		
	2015	2014	2015	2014	2015	2014	% Change
Assets							
Current assets	$20,777,797	$20,270,340	$9,989,226	$14,969,784	$30,767,023	$35,240,124	(12.7%)
Capital assets, net	89,381,598	95,020,832	70,051,607	73,824,446	159,433,205	168,845,278	(5.6)
Other non-current assets	-	-	2,950,079	1,986,142	2,950,079	1,986,142	48.5
Total assets	**110,159,395**	**115,291,172**	**82,990,912**	**90,780,372**	**193,150,307**	**206,071,544**	(6.3)
Deferred outflows	**-**	**-**	**136,102**	**1,690**	**136,102**	**1,690**	7953.4
Liabilities							
Current liabilities	7,792,040	9,178,499	6,435,298	7,305,219	14,227,338	16,483,718	(13.7)
Non-current liabilities	4,040,005	5,270,843	86,489,441	88,958,842	90,529,446	94,229,685	(3.9)
Total liabilities	**11,832,045**	**14,449,342**	**92,924,739**	**96,264,061**	**104,756,784**	**110,713,403**	(5.4)
Deferred inflows	**-**	**-**	**744,399**	**-**	**744,399**	**-**	100.0
Net position (deficit)							
Net investment in capital assets	88,987,589	94,921,998	(12,744,784)	(9,518,681)	76,242,805	85,403,317	(10.7)
Restricted for:							
Capital projects	425,627	250,047	-	988	425,627	251,035	69.5
Debt service	-	-	3,781,066	3,795,825	3,781,066	3,795,825	(0.4)
Public services	2,941	2,934	-	-	2,941	2,934	0.2
Culture and recreation	2,893,794	3,358,211	-	-	2,893,794	3,358,211	(13.8)
Unrestricted	6,017,399	2,308,640	(1,578,406)	239,869	4,438,993	2,548,509	74.2
Total net position (deficit)	**$98,327,350**	**$100,841,830**	**($10,542,124)**	**($5,481,999)**	**$87,785,226**	**$95,359,831**	(7.9)

Current assets increased by $507 thousand in governmental activities and decreased $4.98 million in business-type activities. Governmental activities cash and investments increased $1.29 million. Accounts receivable decreased $773 thousand related to timing of event related receivables at the Chesapeake Energy Arena and Cox Convention Center. Business-type activities cash and investments decreased $5.38 million including a decrease in restricted investments for construction at Lincoln Park Golf Course of $ 4.02 million and the fairgrounds of $824 thousand.

Capital assets, net of accumulated depreciation, decreased $5.64 million and $3.77 million in governmental and business-type activities, related to normal depreciation of $4.42 million and $7.69 million, net of acquisition and construction costs of $1.73 million and $4.75 million, respectively. A prior period adjustment was made to record accumulated depreciation through June 30, 2014 of $2,379,948 for capital assets not previously depreciated in governmental type activities.

Total liabilities decreased $2.62 million in governmental activities primarily from unearned revenue earned from Verizon Wireless for their use of the digital antenna system and the Skirvin Loan payoff of $693 thousand. Business-type activities decreased $3.34 million due for the most part to normal bonds principal payments $2.87 million for fairgrounds and $755 thousand for golf courses.

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Totals		
	2015	2014	2015	2014	2015	2014	% Change
Revenues							
Charges for services	$20,348,849	$21,890,424	$9,864,396	$9,727,114	$30,213,245	$31,617,538	(4.4%)
Operating grants and contributions	6,694,167	3,706,321	8,737,689	9,468,604	15,431,856	13,174,925	17.1
Capital grants and contributions	-	13,500	-	-	-	13,500	(100.0)
General revenues	404,352	243,998	7,213	9,920	411,565	253,918	62.1
Total revenues	**27,447,368**	**25,854,243**	**18,609,298**	**19,205,638**	**46,056,666**	**45,059,881**	2.2
Expenses							
General government	123,214	1,132,438	-	-	123,214	1,132,438	(89.1)
Public services	1,156,809	1,077,742	-	-	1,156,809	1,077,742	7.3
Culture and recreation	26,174,390	25,569,476	-	-	26,174,390	25,569,476	2.4
Economic development	139	168	-	-	139	168	(17.3)
Interest on long-term debt	127,348	122,352	-	-	127,348	122,352	4.1
Golf courses	-	-	10,086,045	9,965,140	10,086,045	9,965,140	1.2
Fairgrounds	-	-	12,712,129	10,325,459	12,712,129	10,325,459	23.1
Financial services	-	-	1,075,871	1,209,549	1,075,871	1,209,549	(11.1)
Total expenses	**27,581,900**	**27,902,176**	**23,874,045**	**21,500,148**	**51,455,945**	**49,402,324**	4.2
Transfers	**-**	**(18,499)**	**-**	**18,499**	**-**	**-**	0.0
Changes in net position	**(134,532)**	**(2,066,432)**	**(5,264,747)**	**(2,276,011)**	**(5,399,279)**	**(4,342,443)**	(24.3)
Beginning net position (deficit)							
As previously reported	100,841,830	102,908,262	(5,481,999)	(3,205,988)	95,359,831	99,702,274	(4.4)
Change in accounting principle	-	-	204,622	-	204,622	-	100.0
Prior period adjustment	(2,379,948)	-	-	-	(2,379,948)	-	100.0
As restated	98,461,882	102,908,262	(5,277,377)	(3,205,988)	93,184,505	99,702,274	(6.5)
Ending net position (deficit)	**$98,327,350**	**$100,841,830**	**($10,542,124)**	**($5,481,999)**	**$87,785,226**	**$95,359,831**	(7.9)

Charges for services decreased $1.54 million in governmental activities primarily for decreases in event revenue from sporting events, concerts, shows and conventions. Business-type activities increased $137 thousand related to an increase in Golf Courses Fund revenue of $218 thousand from increased rounds played, offset by an decrease of $81 thousand in natural gas charges in the Financial Services Fund related to natural gas usage at City facilities.

Governmental expenses decreased $320 thousand in the current year. This is comprised of a decrease in general government of $1.01 million, of which $120 thousand for utilities reimbursements to the fairgrounds and $880 thousand for the depreciation of capital assets. There was an increase of $79 thousand in public services, comprised of a decrease of $205 thousand for capital asset depreciation, offset by an increase of $284 thousand for the promotion and maintenance of the business improvement districts. Interest on long term debt increased $5 thousand related to the downtown underground improvement project for infrastructure improvements. There was an increase in culture and recreation of $605 thousand, comprised of an increase of $1.26 million for the depreciation of capital assets, offset by a decrease of $652 million primarily for operations at the Chesapeake Energy Arena and the Cox Convention Center.

Business-type expenses increased $2.37 million compared to the prior year. This is attributed to a increase at the golf courses of $121 thousand for increased operational expenses. There is an increase of $2.39 million for fairgrounds for the replacement of the roof on the Jim Norick Arena and a decrease in expenses for financial services of $134 thousand for the decrease in usage of natural gas at City facilities.

A $205 thousand change in accounting principle was implemented as a result of GASB 68. This statement, as amended, establishes standards for measuring and recognizing assets/liabilities, deferred outflows of resources, deferred inflows of resources, and expense for employers providing pension plans. A prior period adjustment was made to record accumulated depreciation through June 30, 2014 of $2.38 for capital assets not previously depreciated in governmental type activities. The prior period adjustment had no effect on previously reported fund balances.

Capital Assets

The Authority's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2015 was $89,381,598 and $70,051,607, respectively.

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals		
	2015	2014	2015	2014	2015	2014	% Change
Non-Depreciable Assets							
Construction in progress	$1,250,333	$529,985	$ -	$4,569,376	$1,250,333	$5,099,361	(75.5%)
Land	7,352,642	7,093,107	2,004,837	2,004,837	9,357,479	9,097,944	2.9
Total non-depreciable assets	**8,602,975**	**7,623,092**	**2,004,837**	**6,574,213**	**10,607,812**	**14,197,305**	(25.3)
Depreciable Assets							
Buildings	42,327,119	46,284,512	32,245,790	26,734,242	74,572,909	73,018,754	2.1
Improvements other than buildings	31,866,661	33,528,313	33,767,965	39,010,254	65,634,626	72,538,567	(9.5)
Furniture, machinery, and equipment	6,584,843	7,584,915	2,033,015	1,505,737	8,617,858	9,090,652	(5.2)
Total depreciable assets	**80,778,623**	**87,397,740**	**68,046,770**	**67,250,233**	**148,825,393**	**154,647,973**	(3.8)
Total	**$89,381,598**	**$95,020,832**	**$70,051,607**	**$73,824,446**	**$159,433,205**	**$168,845,278**	(5.6)

Construction in progress for governmental funds increased by $720 thousand. Capital outlay in governmental activities included the 10 elements for the Land Run Monument of $262 thousand, facility upgrades of $54 thousand for the Chickasaw Bricktown Ballpark, equipment purchases of $568 thousand and family lounge facility upgrades of $850 thousand at the Chesapeake Energy Arena and Cox Convention Center.

Business-type construction in progress decreased $4.57 million due to the recategorization of completed construction projects to buildings and improvements other than buildings. There was ongoing construction projects at the fairgrounds of $223 thousand. Construction at the fairgrounds included work on the Outdoor Arena in addition to concourse expansion. There was capital outlay of $1.27 million for the purchase of 280 golf carts at Lake Hefner and Lincoln Park Golf Courses. The clubhouse construction at Lincoln Park Golf Course which began in May of 2013 was placed into service in May of 2015. See Note II. F. for more information regarding capital assets.

Long-term Debt

Advances

At the end of the fiscal year, the Authority had total advances outstanding of $3,788,703. See Note VI. A. for more information regarding advances.

Advances from Oklahoma City Municipal Facilities Authority (OCMFA)

The Authority Golf Course Funds have received several advances from OCMFA for cart loans. In January of 2015, the Authority received $1,088,943 for the purchase of golf carts at Lake Hefner Golf Course and Lincoln Park Golf Course. As of June 30, 2015 there was an outstanding balance of $1,022,029.

Advances from the City General Fund and City and Schools Use Tax Fund

The Authority received $1.03 million from the City City and School Use Tax Fund to repay a line of credit related to Tax Incremental Financing District #6. The City City and Schools Use Tax Fund will be repaid over 7 years at a rate of 2%. The City General Fund will repay $877 thousand plus the accrued interest. The Authority will repay the balance. Once the City City and School Use Tax Fund is repaid, it is anticipated that the Authority will repay the City General Fund for costs incurred. The balance due to the City General Fund and City City and School Use Tax Fund from the Authority at June 30, 2015 is $965 thousand and $6 thousand, respectively.

On February 16, 2010 the Authority received $3.20 million from the City City and School Use Tax Fund. The funds are to be used for the Cox Convention Center facility renovations and upgrade. The loan is to be repaid from revenues generated and collected from hockey and other events. There were increases in the cost of the facility renovations and upgrade to the total cost of $3.32 million. The replenishment to the City City and Schools Use Tax Fund with an interest rate of 4.19% will be repaid over a 10-year period. The balance of the loan at June 30, 2015 is $2.752 million, with accrued interest of $41 thousand.

Notes Payable

At the end of the fiscal year, the Authority had total notes payable of $290,972. See Note III. C. for more information regarding notes payable.

On May 11, 2006, the Authority issued a capital improvement note for the underground improvement project for $2 million. The outstanding balance on the note for underground improvement is $291 thousand at June 30, 2015.

The Authority received a non-interest bearing loan of $780 thousand from the Oklahoma Department of Commerce for the remediation of hazardous waste materials in the Skirvin Hotel. The balance of $693 thousand was paid off in October of 2014.

Revenue Bonds

At the end of the fiscal year, the Authority had total outstanding bonded debt of $84,660,000 including fairgrounds bonded debt outstanding of $71,095,000 and golf bonded debt of $13,565,000. This debt is supported by pledged revenues from the business type activities of the Authority. See Note III. D. for more information regarding revenue bonds.

Outstanding Long-term Debt

	2015	2014	2015 - 2014 Amount of Change	2015 - 2014 % Change
Advances	$3,788,703	$3,932,711	($144,008)	(3.7%)
Notes payable	290,972	1,132,850	(841,878)	(74.3)
Revenue bonds	84,660,000	88,285,000	(3,625,000)	(4.1)
	$88,739,675	**$93,350,561**	**($4,610,886)**	(4.9)

The change in outstanding debt for notes payable and revenue bonds for 2015 is the result of scheduled debt service payments. The increase in advances is from the $1,088,943 received by the Authority from the OCMFA for the purchase of 280 golf carts at Lake Hefner and Lincoln Park Golf Courses and an increase in the advance from the City Business Improvement District Fund to the Authority. See Note III. E. for more information regarding changes in long-term debt.

Bond Ratings

Standard and Poor's rated the Authority's Golf System Revenue Bonds as AA-. Fairgrounds Hotel Tax Revenue Bonds are rated A+ and A1 by Standard and Poor and Moody's, respectively.

Economic Factors and Rates

Economic Factors

Economic factors directly affected the Authority's financial position for the golf courses. The operating revenue for the golf courses increased due to an increase in the green fees and the implementation of the lower priced sunset round. The availability of the lower priced sunset fee helped the golf courses achieve an increase in rounds of 3.37% despite a decline in most of the major other types of rounds available. The economic factors did not affect the financial position of the other activities of the Authority.

Rates and Fees

On January 27th, 2015, the Authority approved a green fee increase at Lake Hefner, Lincoln Park, Earlywine Park and Trosper Park Golf Courses. This was effective March 1, 2015 to provide for debt service and changing costs of operation at the golf courses.

Contacting the Authority's Financial Management

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

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Basic Financial Statements

Authority-wide Financial Statements

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

* ***Governmental Activities*** *– Reports general government, public services, culture and recreation, and economic development and the general revenues of the Authority.*

* ***Business-Type Activities*** *– Reports golf courses, fairgrounds, and financial services activities.*

Fund Financial Statements

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

Governmental Fund Financial Statements

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

Proprietary Fund Financial Statements

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

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

STATEMENT OF NET POSITION
June 30, 2015

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT ASSETS			
Pooled cash	$3,009,325	$674,030	$3,683,355
Non-pooled cash	8,469,414	1,122,506	9,591,920
Investments	6,553,896	6,221,796	12,775,692
Property taxes receivable	1,363	-	1,363
Accounts receivable, net	1,257,262	1,302	1,258,564
Interest, dividends, and royalties receivable	17,211	4,037	21,248
Receivable from the City of Oklahoma City	1,314,775	1,600,000	2,914,775
Inventories	121,289	312,288	433,577
Prepaids	33,262	53,267	86,529
Total current assets	20,777,797	9,989,226	30,767,023
NON-CURRENT ASSETS			
Investments	-	1,532,759	1,532,759
Prepaids, non-current	-	410,156	410,156
Net pension assets	-	1,007,164	1,007,164
Capital assets:			
Land and construction in progress	8,602,975	2,004,837	10,607,812
Other capital assets, net of accumulated depreciation	80,778,623	68,046,770	148,825,393
Capital assets, net	89,381,598	70,051,607	159,433,205
Total non-current assets	89,381,598	73,001,686	162,383,284
Total assets	**110,159,395**	**82,990,912**	**193,150,307**
DEFERRED OUTFLOWS OF RESOURCES	**-**	**136,102**	**136,102**
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	2,372,386	1,279,503	3,651,889
Wages and benefits payable	-	173,529	173,529
Payable to City of Oklahoma City	1,240,506	331,283	1,571,789
Interest payable	18,267	-	18,267
Compensated absences	-	72,463	72,463
Notes payable	158,601	-	158,601
Unearned revenue	4,002,280	-	4,002,280
Bond interest payable	-	973,520	973,520
Bonds payable	-	3,605,000	3,605,000
Total current liabilities	7,792,040	6,435,298	14,227,338
NON-CURRENT LIABILITIES			
Compensated absences	-	105,997	105,997
Notes payable	132,371	-	132,371
Payable to City of Oklahoma City	2,978,233	810,470	3,788,703
Unearned revenue	929,401	-	929,401
Bonds payable:			
Bonds payable	-	81,055,000	81,055,000
Unamortized bond discount/premium	-	1,059,550	1,059,550
Bonds payable, net	-	82,114,550	82,114,550
Net other post-employment benefit obligation	-	3,458,424	3,458,424
Total non-current liabilities	4,040,005	86,489,441	90,529,446
Total liabilities	**11,832,045**	**92,924,739**	**104,756,784**
DEFERRED INFLOWS OF RESOURCES	**-**	**744,399**	**744,399**
NET POSITION (DEFICIT)			
Net investment in capital assets	88,987,589	(12,744,784)	76,242,805
Restricted for: Capital projects	425,627	-	425,627
Debt service	-	3,781,066	3,781,066
Public services	2,941	-	2,941
Culture and recreation	2,893,794	-	2,893,794
Unrestricted	6,017,399	(1,578,406)	4,438,993
Total net position (deficit)	**$98,327,350**	**($10,542,124)**	**$87,785,226**

See accompanying notes to financial statements.

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business Type Activities**	**Total**
GOVERNMENTAL ACTIVITIES							
General government	$123,214	$ -	$5,809,828	$ -	$5,686,614	$ -	$5,686,614
Public services	1,156,809	100,000	111,570	-	(945,239)	-	(945,239)
Culture and recreation	26,174,390	20,248,849	79,262	-	(5,846,279)	-	(5,846,279)
Economic development	139	-	693,507	-	693,368	-	693,368
Interest on long-term debt	127,348	-	-	-	(127,348)	-	(127,348)
Total governmental activities	27,581,900	20,348,849	6,694,167	-	(538,884)	-	(538,884)
BUSINESS-TYPE ACTIVITIES							
Golf courses	10,086,045	8,751,960	806,060	-	-	(528,025)	(528,025)
Fairgrounds	12,712,129	-	7,931,629	-	-	(4,780,500)	(4,780,500)
Financial services	1,075,871	1,112,436	-	-	-	36,565	36,565
Total business-type activities	23,874,045	9,864,396	8,737,689	-	-	(5,271,960)	(5,271,960)
Total	**$51,455,945**	**$30,213,245**	**$15,431,856**	**$ -**	**(538,884)**	**(5,271,960)**	**(5,810,844)**

	Governmental Activities	Business Type Activities	Total
GENERAL REVENUES			
TAXES			
Tax incremental financing property taxes	51,887	-	51,887
Unrestricted investment income	2,238	7,213	9,451
Miscellaneous	350,227	-	350,227
Total general revenues	**404,352**	**7,213**	**411,565**
Changes in net position (deficit)	**(134,532)**	**(5,264,747)**	**(5,399,279)**
Beginning Balance net position (deficit)			
Beginning, as previously reported	100,841,830	(5,481,999)	95,359,831
Change in accounting principle	-	204,622	204,622
Prior period adjustment	(2,379,948)	-	(2,379,948)
Net position (deficit)-beginning, as restated	98,461,882	(5,277,377)	93,184,505
Net position (deficit)-ending	**$98,327,350**	**($10,542,124)**	**$87,785,226**

See accompanying notes to financial statements.

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2015

	General Purpose Fund
ASSETS	
Pooled cash	$3,009,325
Non-pooled cash	8,469,414
Investments	6,553,896
Property taxes receivable	1,363
Accounts receivable	1,257,262
Interest, dividends, and royalties receivable	17,211
Receivable from City of Oklahoma City	1,314,775
Inventories	121,289
Prepaids	33,262
Total assets	**$20,777,797**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
LIABILITIES	
Accounts payable	$2,372,386
Payable to City of Oklahoma City	454,327
Unearned revenue	4,002,280
Unearned revenue, non-current	929,401
Total liabilities	7,758,394
DEFERRED INFLOWS OF RESOURCES	76,418
FUND BALANCES	
Non-spendable	154,551
Restricted	4,230,062
Committed	506,105
Assigned	8,052,267
Total fund balance	12,942,985
Total liabilities, deferred inflows of resources, and fund balance	**$20,777,797**

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

Total fund balance	$12,942,985
Capital assets, net of accumulated depreciation	89,381,598
Revenue earned but not available	76,418
Long-term payable to the City of Oklahoma City, current	(786,179)
Long-term payable to the City of Oklahoma City, non-current	(2,978,233)
Long-term notes payable, current	(158,601)
Long-term notes payable, non-current	(132,371)
Interest on long-term notes payable	(18,267)
Net position-governmental activities	**$98,327,350**

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended June 30, 2015

	General Purpose Fund
REVENUES	
Tax incremental financing property taxes	$52,032
Investment income	15,067
Public events charges	17,533,713
Other charges for services	922,921
Rental income	1,892,205
Payments from component units	796,482
Payments from the City of Oklahoma City	5,809,828
Other	425,246
Total revenues	**27,447,494**
EXPENDITURES	
CURRENT	
Payments to the City of Oklahoma City	62,684
General government	60,532
Culture and recreation	22,338,381
Economic development	139
Capital outlay	1,733,525
DEBT SERVICE	
Principal	841,879
Interest	123,201
Long-term payable to the City of Oklahoma City	168,299
Total expenditures	**25,328,640**
Net change in fund balance	**2,118,854**
Fund balance, beginning	10,824,131
Fund balance, ending	**$12,942,985**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES, GOVERNMENTAL ACTIVITIES

Net change in fund balance	$2,118,854
Capital outlay	1,733,525
Depreciation expense	(4,415,103)
Loss on disposal of assets	(577,720)
Recognition of earned but unavailable revenue	(119)
Long-term payable to the City of Oklahoma City	168,299
Debt principal paid	841,879
Interest payable on long-term debt	(4,147)
Change in net position (deficit)-governmental activities	**($134,532)**

See accompanying notes to financial statements.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

	Enterprise Funds			
	Golf Courses Fund	**Fairgrounds Fund**	**Financial Services Fund**	**Total**
ASSETS				
Pooled cash	$330,641	$297,169	$46,220	$674,030
Non-pooled cash	1,122,506	-	-	1,122,506
Investments	2,195,800	3,930,959	95,037	6,221,796
Accounts receivable, net	1,302	-	-	1,302
Interest, dividends, and royalties receivable	1,994	1,767	276	4,037
Receivable from the City of Oklahoma City	-	1,600,000	-	1,600,000
Inventories	312,288	-	-	312,288
Prepaids	8,687	44,580	-	53,267
Total current assets	3,973,218	5,874,475	141,533	9,989,226
NON-CURRENT ASSETS				
Investments	455,685	1,077,074	-	1,532,759
Prepaids, non-current	5,242	404,914	-	410,156
Net pension asset	1,007,164	-	-	1,007,164
Capital assets:				
Land and construction in progress	-	2,004,837	-	2,004,837
Other capital assets, net of accumulated depreciation	12,953,434	55,093,336	-	68,046,770
Capital assets, net	12,953,434	57,098,173	-	70,051,607
Total non-current assets	14,421,525	58,580,161	-	73,001,686
Total assets	**18,394,743**	**64,454,636**	**141,533**	**82,990,912**
DEFERRED OUTFLOWS OF RESOURCES	**136,102**	**-**	**-**	**136,102**
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	995,628	196,348	87,527	1,279,503
Wages and benefits payable	173,529	-	-	173,529
Payable to City of Oklahoma City	306,864	24,419	-	331,283
Compensated absences	72,463	-	-	72,463
Bond interest payable	110,063	863,457	-	973,520
Bonds payable	775,000	2,830,000	-	3,605,000
Total current liabilities	2,433,547	3,914,224	87,527	6,435,298
NON-CURRENT LIABILITIES				
Compensated absences	105,997	-	-	105,997
Payable to City of Oklahoma City	810,470	-	-	810,470
Bonds payable:				
Bonds payable	12,790,000	68,265,000	-	81,055,000
Unamortized bond discount/premium	34,750	1,024,800	-	1,059,550
Bonds payable, net	12,824,750	69,289,800	-	82,114,550
Net other post-employment benefit obligation	3,458,424	-	-	3,458,424
Total non-current liabilities	17,199,641	69,289,800	-	86,489,441
Total liabilities	**19,633,188**	**73,204,024**	**87,527**	**92,924,739**
DEFERRED INFLOWS OF RESOURCES	**744,399**	**-**	**-**	**744,399**
NET POSITION (DEFICIT)				
Net investment in capital assets	251,011	(12,995,795)	-	(12,744,784)
Restricted for: Debt service	581,464	3,199,602	-	3,781,066
Unrestricted	(2,679,217)	1,046,805	54,006	(1,578,406)
Total net position (deficit)	**($1,846,742)**	**($8,749,388)**	**$54,006**	**($10,542,124)**

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

OKLAHOMA CITY PUBLIC PROPERTY AUTHORITY

	Enterprise Funds			
	Golf Courses Fund	**Fairgrounds Fund**	**Financial Services Fund**	**Total**
OPERATING REVENUES				
CHARGES FOR SERVICES				
Green fees	$4,796,028	$ -	$ -	$4,796,028
Concessions	1,401,857	-	-	1,401,857
Natural gas charges	-	-	1,091,279	1,091,279
Other charges	6,619	-	21,157	27,776
Total charges for services	6,204,504	-	1,112,436	7,316,940
Golf cart rentals	2,337,504	-	-	2,337,504
Total operating revenues	**8,542,008**	**-**	**1,112,436**	**9,654,444**
OPERATING EXPENSES				
Personal services	4,714,858	-	-	4,714,858
Maintenance, operations, and contractual services	2,170,122	1,795,714	1,075,871	5,041,707
Materials and supplies	2,001,804	78,304	-	2,080,108
Depreciation	873,171	6,821,088	-	7,694,259
Total operating expenses	**9,759,955**	**8,695,106**	**1,075,871**	**19,530,932**
Operating income (loss)	**(1,217,947)**	**(8,695,106)**	**36,565**	**(9,876,488)**
NON-OPERATING REVENUE (EXPENSE)				
Investment income	3,313	3,896	369	7,578
Interest on bonds and notes	(328,840)	(3,505,838)	-	(3,834,678)
Bond insurance	-	(44,858)	-	(44,858)
Amortization	2,750	167,398	-	170,148
Payments from City of Oklahoma City	805,730	7,931,597	-	8,737,327
Other revenue (expense)	209,952	(633,728)	-	(423,776)
Net non-operating revenue	**692,905**	**3,918,467**	**369**	**4,611,741**
Changes in net position (deficit)	**(525,042)**	**(4,776,639)**	**36,934**	**(5,264,747)**
Total net position, beginning, as previously reported	(1,526,322)	(3,972,749)	17,072	(5,481,999)
Change in accounting principle	204,622	-	-	204,622
Total net position (deficit), beginning, as restated	(1,321,700)	(3,972,749)	17,072	(5,277,377)
Total net position (deficit), ending	**($1,846,742)**	**($8,749,388)**	**$54,006**	**($10,542,124)**

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

LAHOMA CITY PUBLIC PROPERTY AUTHORITY

	Enterprise Funds			
	Golf Courses Fund	Fairgrounds Fund	Financial Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$8,706,343	$ -	$1,182,337	$9,888,680
Cash payments to suppliers for goods and services	(3,984,508)	(1,918,021)	(1,122,374)	(7,024,903)
Cash payments to employees and professional contractors for services	(4,419,768)	-	-	(4,419,768)
Cash payments for internal services	(194,844)	-	-	(194,844)
Operating payments from City of Oklahoma City	2,102,947	8,606,527	-	10,709,474
Operating payments to City of Oklahoma City	(76,843)	(1,274,931)	-	(1,351,774)
Net cash provided by operating activities	**2,133,327**	**5,413,575**	**59,963**	**7,606,865**
CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES				
Payments for acquisition and contraction of capital assets	(5,126,368)	(434,872)	-	(5,561,240)
Principal paid on long-term debt	(755,000)	(2,870,000)	-	(3,625,000)
Interest paid on long-term debt	(460,838)	(3,511,749)	-	(3,972,587)
Proceeds from sale of assets	166,414	-	-	166,414
Net cash provided (used) by capital and capital related financing activities	**(6,175,792)**	**(6,816,621)**	**-**	**(12,992,413)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of investments	(1,215,860)	(43,542,940)	-	(44,758,800)
Proceeds from sale of investments	5,222,193	43,781,879	-	49,004,072
Changes in pooled investments	13,413	585,238	(48,254)	550,397
Investment income received	3,517	5,977	243	9,737
Net cash provided (used) by investing activities	**4,023,263**	**830,154**	**(48,011)**	**4,805,406**
Net increase (decrease) in cash	**(19,202)**	**(572,892)**	**11,952**	**(580,142)**
Cash, beginning	1,472,349	870,061	34,268	2,376,678
Cash, ending	**$1,453,147**	**$297,169**	**$46,220**	**$1,796,536**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	($1,217,947)	($8,695,106)	$36,565	($9,876,488)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Depreciation	873,171	6,821,088	-	7,694,259
Other revenue (expense)	(81,357)	72,225	-	(9,132)
Change in accounting principle	204,622	-	-	204,622
(Increase) decrease in accounts receivable	(93)	-	-	(93)
(Increase) decrease in receivable from City of Oklahoma City	2,021,115	7,331,596	66,509	9,419,220
(Increase) decrease in receivable from component units	-	-	3,392	3,392
(Increase) decrease in inventories	14,619	-	-	14,619
(Increase) decrease in prepaid assets	(2,345)	43,524	-	41,179
(Increase) decrease in net pension asset	(1,007,164)	-	-	(1,007,164)
(Increase) decrease in deferred outflows	(134,596)	-	-	(134,596)
Increase (decrease) in accounts payable and accrued expenses	5,164	(159,990)	(46,503)	(201,329)
Increase (decrease) in wages and benefits payable	228,992	-	-	228,992
Increase (decrease) in payable to City of Oklahoma City	21,645	238	-	21,883
Increase (decrease) in compensated absences	(41,447)	-	-	(41,447)
Increase (decrease) in net other post-employment benefit obligation	504,549	-	-	504,549
Increase (decrease) in deferred inflows	744,399	-	-	744,399
Total adjustments	3,351,274	14,108,681	23,398	17,483,353
Net cash provided by operating activities	**$2,133,327**	**$5,413,575**	**$59,963**	**$7,606,865**

See accompanying notes to financial statements.

Notes to Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. A. INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Oklahoma City Public Property Authority (Authority) financial activities for the fiscal year ended June 30, 2015.

I. B. BASIS OF PRESENTATION

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

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

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

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

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

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

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

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

Authority Administration

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

Related Parties

Oklahoma City Employee Retirement System (OCERS)
OCERS provides retirement benefits and disability allowances for employees of the Authority.

Oklahoma City Post-Employment Benefit Trust (OCPEBT)
OCPEBT provides post-retirement health benefits for employees of the Authority.

I. B. 2. BASIC FINANCIAL STATEMENTS

Authority-wide Financial Statements

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

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

Fund Financial Statements

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

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

Generally Accepted Accounting Principles (U.S. GAAP)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Governmental Fund

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

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

Proprietary Funds

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

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

Enterprise Funds
Golf Courses Fund
This fund is used to account for the revenues and expenses of five municipal golf courses.

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

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

I. C. BUDGET LAW AND PRACTICE

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

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

I. D. 1. CASH AND INVESTMENTS

The Authority participates in the investment policy approved by the City Council. The Authority's governing board formally adopted the updated City's deposit and investment policy in October 2012. Where applicable, deposit and investment policies for restricted funds are specified in the respective bond indentures.

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

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

I. D. 2. INVENTORIES AND PREPAIDS

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

Prepaids are payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Non-current prepaids benefit periods beyond the following 12 month period.

I. D. 3. RECEIVABLES AND UNCOLLECTIBLE AMOUNTS

Property Taxes Receivable

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

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

Other Significant Receivables

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

I. D. 4. RESTRICTED ASSETS

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

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

I. D. 5. INTERFUND BALANCES

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

I. D. 6. CAPITALIZED INTEREST

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

I. D. 7. CAPITAL ASSETS AND DEPRECIATION

The Authority generally capitalizes assets with cost of $7,500 or more. Items that do not meet the monetary threshold listed in the policy summary are expensed in the period incurred with the exception of golf carts, which will be capitalized since they have a useful life of 10 years. Property and equipment are stated at actual or estimated historical cost. Donated assets are stated at their fair market value on the date donated. Capital assets are reported in the Authority-wide statements and respective proprietary funds and are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

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

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

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

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

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

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

I. D. 10. COMPENSATED ABSENCES

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

I. D. 11. USE OF ESTIMATES

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

I. D. 12. TIF

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

I. D. 13. FUND EQUITY

Fund Balance

Non-Spendable Fund Balance
Fund balance reported as non-spendable includes amounts that cannot be spent because it is not in spendable form or is not expected to be converted to cash including inventories, prepaid expenses and non-current receivables and advances.

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

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

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

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

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

Net Position

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

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

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

I. D. 14. RISK MANAGEMENT

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

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

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

I. E. 1. MAJOR REVENUES

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

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

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

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

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

I. E. 2. LEASE OPERATING AGREEMENTS

Fairgrounds

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

Golf Facilities

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

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

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

Chickasaw Bricktown Ballpark

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

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

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

Oklahoma City Thunder

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

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

I. E. 3. MANAGEMENT AGREEMENTS

Cox Convention Center and Chesapeake Energy Arena

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

Golf Courses

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

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

Interlocal Agreement

On August 6th, 2014 the Authority exercised the second renewal option on the interlocal agreement with the City of Tulsa for computerized box office service retroactive from July 1, 2014 through June 30, 2015. The agreement renews the authorization with the Tulsa Performing Arts Center for computerized ticketing system to process tickets sold by internet or by outlet for events at the Civic Center and Rose State Performing Arts Theater (Theater).

Tennis Center

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

In addition, the professional management agreement was renewed for the management and operations of the tennis center at Earlywine Park for the term of January 14, 2013, through January 13, 2016.

Rose State College

In July 2014, the third renewal of the agreement with Rose State College and the Authority was signed regarding the management of the Theater. The term of the agreement was extended from July 1, 2014, and through June 30, 2015. Under the terms of the agreement, the Civic Center staff is responsible for managing the theater and the City is reimbursed for all expenses incurred. These activities are reported in the General Purpose Fund.

I. F. TAX STATUS

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

I. G. RETAINAGES

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

I. H. REVENUE RESERVES

Capital Improvements

Effective May 1, 1995, the Golf Commission recommended and the Trustees of the Authority approved a surcharge on golf rounds. Current rates are $0.50 to $7.00 for daily rounds and $375.00 to $875.00 for annual rounds. These funds are generally used for the major renovation of existing courses. The use of these funds is subject to the approval of the Golf Commission and the Trustees of the Authority.

Operating Reserve

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

Equipment Replacement

Golf courses are required to deposit $0.50 to $3.00 of each cart rental to a savings account and amounts are generally spent as needed. Spending of these funds is recommended by the Golf Commission and approved by the Trustees of the Authority.

II. ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

II. A. DEPOSITS AND INVESTMENTS

Deposits

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

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

At June 30, 2015, the Authority's cash is collaterized with securities held by the pledging financial institution in the name of the Authority or the City, less Federal depository insurance, except for $8,588,656 held by SMG in one financial institution that exceeds federally insured limits.

Investments

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

	Fair Value/ Carrying Amount	Cost	Average Credit Quality/ Ratings (1)	Weighted Average Months to Maturity (2)
POOLED INVESTMENTS				
Money market funds	$1,278,260	$1,278,260	AAA/Aaa	1.77
Federal Obligations	4,000,790	3,997,837	AA+/Aaa	4.1
US Treasury Notes	2,021,250	2,068,438	N/A	7.17
Total pooled investments	7,300,300	7,344,535		
NON-POOLED INVESTMENTS				
Money market funds	7,008,151	7,008,151	AAA/Aaa	1.66
Total investments	**$14,308,451**	**$14,352,686**		

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

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

Investment Policy

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

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

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

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

Portfolio Structure (1)

Investment Type Limitations Percentage of Total Invested Principal	
	Maximum % (2)
Repurchase agreements	100.0%
U.S. Treasury securities (3)	100.0
Certificates of deposit	50.0
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

Maturity Limitations Percentage of Total Invested Principal	
	Maximum % (4)
0-1 year	100%
1-3 years	90
3-5 years	90

(1) Specifically matched cash flows are excluded.

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

(3) Includes SLGS.

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

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

Securities Held by Others

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

Bond Indentures Restrictions

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

Golf System Revenue Bonds

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

Fairgrounds Hotel Tax Revenue Bonds

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

Restricted Deposits and Investments

	Golf System Revenue Bonds	Fairgrounds Hotel Tax Revenue Bonds
Bond principal and interest	$691,539	$2,985,982
Construction accounts	834,680	336,526
Bond reserve	455,684	1,077,074
	$1,981,903	**$4,399,582**

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

II. B. RECEIVABLES AND UNCOLLECTIBLE AMOUNTS

Accounts Receivable

Governmental activities	
Ticket and event receivables	$1,019,375
Lease revenues receivables	75,000
Business improvement district advance funding	162,887
	$1,257,262
Business-type activities	
Golf course miscellaneous receivables	**$1,302**

Property Taxes Receivable

Revenues include TIF property tax collections. TIF property taxes are designated TIF districts paid directly to the Authority. Taxes levied annually on November 1 are due one-half by December 31 and one-half by March 31. Major tax payments are received December through April. Lien dates for real property are in June and October, respectively. Property taxes receivable and related revenue include all amounts due the Authority regardless of when cash is received. Over time, substantially all property taxes are collected. In 2015, the Authority recognized $1,363 in property taxes receivable.

II. C. INVENTORIES

Golf Courses	
Restaurant inventory	$51,285
Cart barn and driving range supplies	37,133
Maintenance and janitorial supplies	223,870
	312,288
OCPPA General Purpose	
Food and beverage items and other supplies	121,289
	$433,577

II. D. PREPAID ASSETS

Prepaid expenses of $33,262 reported with governmental activities include payments to vendors that benefit future reporting periods.

Within business-type activities, with the issuance of Series 2005 and 2007 fairgrounds bonds, the Authority purchased prepaid bond insurance of $673,610 and $261,199, respectively. Of these amounts $393,412 and $93,236, respectively, has been recognized and expensed as of June 30, 2015 leaving a balance of $463,423 prepaid including $53,267 due within one year.

II. E. NET PENSION ASSETS

Implementation of New Accounting Standards

Effective July 1, 2014, the City and the Authority implemented GASB statement number 68, Accounting and Financial Reporting for Pensions, as amended by GASB statement number 71, Pension Transition for Contributions Made Subsequent to the Measurement Date and GASB statement number 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement, as amended, establishes standards for measuring and recognizing assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expense for employers providing pension plans. It also includes note disclosure and required supplementary information requirements.

Net pension assets are reported when the plan's net assets exceed the employers total pension liability. The OCERS reported a net pension asset of $61,412,497, of which the Authority's share is $1,007,164 at June 30, 2015.

II. F. CAPITAL ASSETS

Changes in Capital Assets

	Capital Assets, not depreciated			Capital Assets, depreciated				
	Land and Art	Construction In Progress	Total Capital Assets, not depreciated	Buildings	Improvements Other Than Buildings	Furniture, Machinery, and Equipment	Total Capital Assets, depreciated	Total Capital Assets, net
Primary Authority								
Governmental Activities								
CAPITAL ASSETS								
Balance, June 30, 2014	$7,093,107	$529,985	$7,623,092	$50,238,952	$45,550,874	$14,860,670	$110,650,496	$118,273,588
Increases	259,209	906,485	1,165,694	-	-	567,831	567,831	1,733,525
Decreases	-	-	-	(658,488)	(60,697)	(182,881)	(902,066)	(902,066)
Transfers	326	(186,137)	(185,811)	176,080	9,244	487	185,811	-
Balance, June 30, 2015	7,352,642	1,250,333	8,602,975	49,756,544	45,499,421	15,246,107	110,502,072	119,105,047

(continued)

Changes in Capital Assets (continued)

	Capital Assets, not depreciated			Capital Assets, depreciated				
	Land and Art	Construction In Progress	Total Capital Assets, not depreciated	Buildings	Improvements Other Than Buildings	Furniture, Machinery, and Equipment	Total Capital Assets, depreciated	Total Capital Assets, net
ACCUMULATED DEPRECIATION								
Balance, June 30, 2014								
As previously reported				3,954,440	12,022,561	7,275,755	23,252,756	23,252,756
Prior period adjustment				2,257,783	-	122,165	2,379,948	2,379,948
As restated				6,212,223	12,022,561	7,397,920	25,632,704	25,632,704
Increases				1,314,085	1,664,613	1,436,405	4,415,103	4,415,103
Decreases				(96,883)	(54,414)	(173,061)	(324,358)	(324,358)
Balance, June 30, 2015				7,429,425	13,632,760	8,661,264	29,723,449	29,723,449
Total governmental activities	**7,352,642**	**1,250,333**	**8,602,975**	**42,327,119**	**31,866,661**	**6,584,843**	**80,778,623**	**89,381,598**

	Capital Assets, not depreciated			Capital Assets, depreciated				
	Land and Art	Construction In Progress	Total Capital Assets, not depreciated	Buildings	Improvements Other Than Buildings	Furniture, Machinery, and Equipment	Total Capital Assets, depreciated	Total Capital Assets, net
Business-type Activities								
CAPITAL ASSETS								
Balance, June 30, 2014	2,004,837	4,569,376	6,574,213	32,851,963	83,887,889	7,297,475	124,037,327	130,611,540
Increases	-	3,369,904	3,369,904	668	65,225	1,316,187	1,382,080	4,751,984
Decreases	-	-	-	(806,532)	(241,212)	(488,746)	(1,536,490)	(1,536,490)
Transfers	-	(7,939,280)	(7,939,280)	7,103,929	835,351	-	7,939,280	-
Balance, June 30, 2015	2,004,837	-	2,004,837	39,150,028	84,547,253	8,124,916	131,822,197	133,827,034
ACCUMULATED DEPRECIATION								
Balance, June 30, 2014				6,117,721	44,877,635	5,791,738	56,787,094	56,787,094
Increases				1,054,278	5,912,738	727,243	7,694,259	7,694,259
Decreases				(267,761)	(11,085)	(427,080)	(705,926)	(705,926)
Balance, June 30, 2015				6,904,238	50,779,288	6,091,901	63,775,427	63,775,427
Total business-type activities	**2,004,837**	**-**	**2,004,837**	**32,245,790**	**33,767,965**	**2,033,015**	**68,046,770**	**70,051,607**
Total primary Authority	**$9,357,479**	**$1,250,333**	**$10,607,812**	**$74,572,909**	**$65,634,626**	**$8,617,858**	**$148,825,393**	**$159,433,205**

Depreciation Expense

Governmental Activities		*Business-type Activities*	
Culture and recreation	$3,264,255	Golf courses	$873,171
Public services	1,150,848	Fairgrounds	6,821,088
	$4,415,103	Financial Services	**$7,694,259**

Capitalized Interest

	Total Interest Costs Incurred	Capitalized Interest
Business-type Activities		
Fairgrounds	$3,505,838	$ -
Golf Courses	455,694	126,854
	$3,961,532	**$126,854**

II. G. DEFERRED OUTFLOWS OF RESOURCES

Deferred Amounts on Refunding

Deferred amounts on refunding of bonds results from a difference in the carrying value of refunded debt to its reacquisition price. Deferred amounts on refunding are amortized over the shorter of the life of the refunded or refunding debt. At June 30, 2015, unamortized deferred amounts were $1,507.

Implementation of New Accounting Standards

Effective July 1, 2014, the City and the Authority implemented GASB statement number 68, Accounting and Financial Reporting for Pensions, as amended by GASB statement number 71, Pension Transition for Contributions Made Subsequent to the Measurement Date and GASB statement number 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement, as amended, establishes standards for measuring and recognizing assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expense for employers providing pension plans. It also includes note disclosure and required supplementary information requirements.

Pension Deferred Outflows

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

	2015	
	OCERS	Authority Share
Current year contributions - Employer	**$8,207,083**	**$134,596**

III. LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

III. A. UNEARNED REVENUES

Within governmental activities, the Authority has unearned revenue of $4,931,681 at the end of the fiscal year. There is unearned revenue of $761,677 for the advance sale of tickets for events at the Civic Center Music Hall and $3,122,843 recorded for SMG operations at the Cox Convention Center and Chesapeake Energy Arena. There is additional unearned revenue of $1,047,161 for digital antenna system leases, of which $929,401 is non-current.

III. B. COMPENSATED ABSENCES

Compensated absences balances changed from 2014 to 2015 by accruals of $82,976 and usages of $124,424.

III. C. LONG-TERM NOTES PAYABLE

Capital Financing Note Payable

On April 25, 2006, the Authority approved issuance of a capital financing note for the downtown underground improvement project relating to the funding of infrastructure improvements within the underground special improvement and assessment district. The downtown underground consists of a system of pedestrian tunnels used for below surface access to retail shops, restaurants, and other commercial outlets located in the tunnels, as well as, surface venue access through underground pedestrian routes protected from the weather and traffic. On May 11, 2006, the Authority issued the note to Bank of America Leasing and Capital LLC for $2,000,000 at an annual fixed rate of 6.364% with principal and interest payable August 1 for ten years, beginning August 1, 2007. At June 30, 2015 the balance due was $290,972 and $18,267 accrued interest.

Non-interest Bearing Note Payable

The OCPPA received a non-interest bearing loan of up to $780 thousand from the Oklahoma Department of Commerce for the remediation of hazardous waste materials in the Skirvin Hotel. Repayment of the loan was deferred for five years. Annual payments of $5 thousand commenced February 1, 2010. The loan was repaid in full in October of 2014 with a final payment of $693 thousand.

Notes Payable Payment Requirements to Maturity

Fiscal Year	Principal	Interest	Total
2016	$158,601	$21,175	$179,776
2017	132,371	10,919	143,290
	$290,972	**$32,094**	**$323,066**

III. D. REVENUE BONDS

Golf Course Revenue Bonds

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

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

Fairgrounds Hotel/Motel Tax Revenue Bonds

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

On April 1, 2005, Series 2005 bonds were issued in the amount of $54,820,000 by the Authority for the purposes of financing costs of the construction and renovation of fairgrounds facilities to include parking and infrastructure improvements, establish a reserve fund, and pay certain issuance costs of the bonds.

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

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

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

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

On October 30, 2012, the Authority issued $3,000,000 in Series 2012 bonds for the purpose of financing the cost of a covered outdoor arena at the Fairgrounds. The bonds mature on October 1, 2017. Bond payments commence on October 1, 2013. The interest rate for the bond until maturity is 1.43%.

Bonded Debt Service Requirements to Maturity

Golf System Bonds

	Golf System Series 2010			Golf System Series 2012		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2016	$555,000	$193,646	$748,646	$220,000	$235,665	$455,665
2017	575,000	175,849	750,849	220,000	231,265	451,265
2018	595,000	157,421	752,421	230,000	225,615	455,615
2019	610,000	138,443	748,443	235,000	218,640	453,640
2020	630,000	118,913	748,913	240,000	211,515	451,515
2021-2025	3,460,000	279,248	3,739,248	1,325,000	942,600	2,267,600
2026-2030	-	-	-	1,550,000	720,779	2,270,779
2031-2035	-	-	-	1,835,000	424,334	2,259,334
2036-2040	-	-	-	1,285,000	75,554	1,360,554
	$6,425,000	**$1,063,520**	**$7,488,520**	**$7,140,000**	**$3,285,967**	**$10,425,967**

Fairgrounds Bonds

	Fairgrounds Series 2005			Fairgrounds Series 2007A		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2016	$1,970,000	$2,273,850	$4,243,850	$145,000	$732,450	$877,450
2017	2,070,000	2,172,850	4,242,850	145,000	726,650	871,650
2018	2,175,000	2,066,725	4,241,725	155,000	720,650	875,650
2019	2,290,000	1,955,100	4,245,100	160,000	714,150	874,150
2020	2,415,000	1,831,438	4,246,438	165,000	707,244	872,244
2021-2025	14,270,000	6,948,800	21,218,800	935,000	3,422,828	4,357,828
2026-2030	18,670,000	2,553,337	21,223,337	1,155,000	3,196,391	4,351,391
2031-2035	-	-	-	13,620,000	1,525,725	15,145,725
	$43,860,000	**$19,802,100**	**$63,662,100**	**$16,480,000**	**$11,746,088**	**$28,226,088**

(continued)

Fairgrounds Bonds *(continued)*

	Fairgrounds Series 2011			Fairgrounds Series 2012		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2016	$115,000	$368,206	$483,206	$600,000	$21,450	$621,450
2017	120,000	365,269	485,269	600,000	12,870	612,870
2018	125,000	361,894	486,894	600,000	4,290	604,290
2019	125,000	358,144	483,144	-	-	-
2020	130,000	353,994	483,994	-	-	-
2021-2025	725,000	1,692,750	2,417,750	-	-	-
2026-2030	885,000	1,529,072	2,414,072	-	-	-
2031-2035	5,820,000	511,613	6,331,613	-	-	-
2036-2040	910,000	41,400	951,400	-	-	-
	$8,955,000	**$5,582,342**	**$14,537,342**	**$1,800,000**	**$38,610**	**$1,838,610**

Revenue Bonds Outstanding

	Amount Issued	Interest Rate %	Issue Date	Principal Maturity Date	Balance
Golf System, Series 2010	$8,465,000	3.25 - 5.25	9-1-10	10-1-23	$6,425,000
Golf System, Series 2012	7,565,000	0.45-3.85	7-11-12	10-1-37	7,140,000
Fairgrounds, Series 2005	52,820,000	4.0 - 5.5	4-1-05	10-1-30	43,860,000
Fairgrounds, Series 2007A	20,000,000	4.0 - 4.5	8-1-07	10-1-34	16,480,000
Fairgrounds, Series 2011	9,285,000	2.0-4.5	10-1-11	10-1-36	8,955,000
Fairgrounds, Series 2012	3,000,000	1.43	11-29-12	10-1-17	1,800,000
					$84,660,000

Bond Coverage

	Golf System Series 2010 & 2012	Fairgrounds Series 2005, 2007A, 2011, & 2012
Gross revenue, including non-operating revenues and payments from the City	$8,888,351	$13,388,182
Direct operating expenses, excluding other post-employment benefit expense, payments to the City, depreciation and amortization	7,451,232	-
Net revenue available for debt service	**$1,437,119**	**$13,388,182**
Principal amounts	$825,000	$2,870,000
Interest amounts	383,036	3,511,749
Total debt service requirements	**$1,208,036**	**$6,381,749**
Revenue bond coverage	**1.18**	**2.09**

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

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

III. E. CHANGES IN LONG-TERM DEBT

	Balance July 1, 2014	Issued	Retired	Balance June 30, 2015	Due Within One Year	Due After One Year
Primary Authority						
Governmental Activities						
Notes payable	$1,132,850	$ -	$841,878	$290,972	$158,601	$132,371
Business-type Activities						
COMPENSATED ABSENCES						
Golf Courses Fund	219,908	82,976	124,424	178,460	72,463	105,997
REVENUE BONDS						
Golf Courses Fund	14,320,000	-	755,000	13,565,000	775,000	12,790,000
Fairgrounds Fund	73,965,000	-	2,870,000	71,095,000	2,830,000	68,265,000
Total revenue bonds	88,285,000	-	3,625,000	84,660,000	3,605,000	81,055,000
Total business-type activities	**88,504,908**	**82,976**	**3,749,424**	**84,838,460**	**3,677,463**	**81,160,997**
Total primary Authority	**$89,637,758**	**$82,976**	**$4,591,302**	**$85,129,432**	**$3,836,064**	**$81,293,368**

III. F. SEGMENT INFORMATION AND PLEDGED REVENUES

Authority issued revenue bonds to support its golf course activities and fairgrounds improvements. The Authority financial statements report revenue-supported debt. The Authority recognized $8,542,008 in golf course revenues and $7,931,597 in hotel/motel tax payments from the City to the Fairgrounds fund in 2015.

III. G. ARBITRAGE COMPLIANCE

Proceeds from tax-exempt revenue bonds issued after September 1, 1986, are subject to the 1986 Tax Reform Act. The Authority invests, records, and reports these proceeds in the manner set forth by the U.S. Treasury and Internal Revenue Service to maintain the tax-exempt status of the bonds. The Authority did not have an arbitrage liability as of June 30, 2015.

III. H. GUARANTEED DEBT

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

	Amount Guaranteed (1)	**Total Amount Outstanding**
Governmental Activities		
General Purpose Fund capital financing note	$179,776	$290,972
Business-Type Activities		
Golf Courses bonded debt	1,204,311	13,565,000
	$1,384,087	**$13,855,972**

(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.

The City has executed an agreement of support which guarantees the City will fund bond reserve requirements for the Series 2012 Golf Revenue Bonds, the Tax Incremental Financing District #6 and the Oklahoma City Special Services Assessment District #2. Under Oklahoma law, the City may only be obligated to transfer up to the end of it's fiscal year (June 30) and has no legal obligation or promise to transfer beyond it's fiscal year. The debt instruments recognize the limitations set by state law and the City's moral obligation to renew the guarantees. The debt instruments require the City to renew the guarantees annually. The City did not and was not required to fund bond reserve requirements for the Authority in 2015 or any preceding year in which the debt was outstanding. At the end of fiscal year 2015, the City has guaranteed debt of $455,684 for the Golf Revenue Bonds, $971,609 for the Tax Incremental Financing District and $290,972 for the Special Services Assessment District.

III. I. DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue

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). At June 30, 2015, revenue earned but unavailable is $76,418.

Pension Deferred Inflows

Implementation of New Accounting Standards

Effective July 1, 2014, the City and the Authority implemented GASB statement number 68, Accounting and Financial Reporting for Pensions, as amended by GASB statement number 71, Pension Transition for Contributions Made Subsequent to the Measurement Date and GASB statement number 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement, as amended, establishes standards for measuring and recognizing assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expense for employers providing pension plans. It also includes note disclosure and required supplementary information requirements.

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

	2015	
	OCERS	Authority Share
Difference between expected and actual pension plan experience	$3,834,406	$62,884
Differences between projected and actual investment earnings on plan investments	41,555,832	681,515
	$45,390,238	**$744,399**

IV. FUND EQUITY

IV. A. FUND BALANCE

Non-spendable Fund Balance

Inventories	$121,289
Prepaids	33,262
	$154,551

Restricted Fund Balance

Restricted for TIF districts	$968,193
Restricted for special improvement districts	13,267
Restricted for NBA operations	924
Restricted for Cox Convention Center maintenance	686,658
Restricted for NBA practice facility	350,552
Restricted for Chesapeake Energy Arena maintenance	2,135,394
Restricted for Softball Hall of Fame Donations	75,014
Restricted for sports facility maintenance and improvements	60
	$4,230,062

Committed Fund Balance

Committed for metropolitan area projects use tax capital projects	**$506,105**

Assigned Fund Balance

Assigned for fairgrounds electricity	$130,955
Assigned for Civic Center promotions	167,280
Assigned for water taxi and canal operations	193,078
Assigned for non-capital equipment replacement	977,944
Assigned for SMG operations	7,696,699
Assigned for Oklahoma River sediment removal	403,149
Assigned for General Purpose Fund encumbrances	35,686
Reallocation for negative unassigned fund balance	(1,552,524)
	$8,052,267

Unassigned

Unassigned	($1,552,524)
Reallocation of negative unassigned fund balance	1,552,524
	$ -

IV. B. NET POSITION

Prior Period Adjustment

A prior period adjustment was made to record accumulated depreciation through June 30, 2014, of $2,379,948 for capital assets not previously depreciated in governmental type activities. The effect of the prior period adjustment on the balance of the governmental activities change in net position for the year ended June 30, 2014, was approximately $390,000.

Change in Accounting Principle

Effective July 1, 2014, the City implemented GASB statement number 68, Accounting and Financial Reporting for Pensions as amended by GASB statement number 71, Pension Transition for Contributions Made Subsequent to the Measurement Date and GASB statement number 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement, as amended, establishes standards for measuring and recognizing assets/liabilities, deferred outflows of resources, deferred inflows of resources, and expense for employers providing pension plans. It also includes note disclosure and required supplementary information requirements. The implementation of this statement resulted in recording previously unrecorded net pension assets, as well as, deferrals of employer contributions. This resulted in a restatement of previously reported net position.

	2015	
	OCERS	Authority Share
Beginning net pension asset (liability)	$3,600,005	$59,068
Deferred outflows of resources		
Employer contributions	8,871,000	145,554
	$12,471,005	**$204,622**

Net Investment in Capital Assets

	Governmental Activities	*Business-type Activities*
Capital assets, net	$89,381,598	$70,051,607
Retainages and capital related accounts payable	(103,037)	(601,033)
Bonds payable, net	-	(85,719,550)
Bond accounts funded with bond proceeds	-	1,625,899
Bond issuance costs paid from bond proceeds	-	1,898,293
Capital related notes payable	(290,972)	-
	$88,987,589	**($12,744,784)**

Restricted for Capital Projects

	Governmental Activities	*Business-type Activities*
Sports facility sales tax capital projects	$350,613	$ -
Bond construction account	-	1,171,206
Bond construction account funded with bond proceeds	-	(1,171,206)
Restricted for Softball Hall of Fame Stadium capital projects	75,014	-
	$425,627	**$ -**

Restricted for Debt Service

	Governmental Activities	*Business-type Activities*
Bond principal and interest accounts	$ -	$3,677,521
Bond reserve accounts	-	1,532,758
Bond reserve funded with bond proceeds	-	(455,693)
Current bond interest payable	-	(973,520)
	$ -	**$3,781,066**

Restricted for Culture and Recreation

	Governmental Activities	*Business-type Activities*
Restricted for NBA operations	$924	$ -
Restricted for Cox Convention Center maintenance	711,657	-
Restricted for Chesapeake Energy Arena maintenance	2,181,213	-
	$2,893,794	**$ -**

Restricted for Public Services

	Governmental Activities	*Business-type Activities*
Restricted for TIF districts	**$2,941**	**$ -**

Unrestricted

	Governmental Activities	*Business-type Activities*
Unrestricted	**$6,017,399**	**($1,578,406)**

IV. C. DEFICIT FUND NET POSITION AND FUND BALANCE

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

Deficit Fund Net Position

OCPPA Fairgrounds
Deficit net position of $8,749 million is the result of depreciation of capital assets as construction projects are completed.

OCPPA Golf Courses
Deficit net position of $1,847 million is the result of significant debt financing of capital assets with tight operating budgets.

V. REVENUES AND EXPENSES

V. A. LEASE REVENUES

The Authority leases digital antenna system sectors in the Cox Convention Center and the Chesapeake Energy Arena to various mobile data coverage providers. The providers pay an annual license fee per each sector leased inside of the building to enhance the data coverage for the facility. The leases are paid annually under a five year initial agreement with an additional renewal agreement of five years available at the commencement of the first agreement. These leases are non-cancelable operating leases. Rental income in 2015 was $346,687.

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

In October, 1997, OCPPA and the OKC Athletic Club Limited Partnership entered into a ten-year sublease agreement for certain real property consisting of a baseball park and related parking facilities. This sublease agreement was assigned to the OKC Athletic Club, LLC, in June, 2010 and is currently in the second of three separate additional terms of five years each. Annual rent is equal to the greater of 7% of paid admissions for all events or $150,000.

Minimum Rentals on Non-Cancelable Leases

2016	$700,110
2017	613,613
2018	577,522
2019	591,847
2020	100,000
2021-2025	300,000
	$2,883,092
Rental income	**$729,920**

Cox Convention Center and Civic Center facilities are rented for short periods of time during the year.

VI. INTERFUND TRANSACTIONS

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

VI. A. INTERFUND BALANCES

Due Within the Golf Courses

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

	Golf Courses Fund						
	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	James Stewart	Golf Course System	Total
DUE FROM							
Lake Hefner	$ -	($806)	$ -	$ -	$ -	($28,654)	($29,460)
Lincoln	806	-	-	364	-	(37,771)	(36,601)
Trosper	-	-	-	-	555	(10,054)	(9,499)
Earlywine	-	(364)	-	-	-	(18,913)	(19,277)
James Stewart	-	-	(555)	-	-	-	(555)
Golf Course System	28,654	37,771	10,054	18,913	-	-	95,392
	$29,460	**$36,601**	**$9,499**	**$19,277**	**$555**	**($95,392)**	**$ -**

Payable To/Receivable From the City

		Governmental Activities	Business-Type Activities			
	Purpose	General Purpose Fund	Golf Courses Fund	Fairgrounds Fund	Financial Services Fund	Total
Receivable From						
City General Fund	Operating subsidies, administration charges, facility maintenance	$281,075	$ -	$ -	$ -	$ -
City Capital	Construction	1,033,700	-	-	-	-
City Hotel Motel Special Revenue Fund	Non-capital construction	-	-	1,600,000	-	1,600,000
		$1,314,775	**$ -**	**$1,600,000**	**$ -**	**$1,600,000**
Payable To						
City General Fund	Administration charges, utilities	$ -	$75,611	$24,182	$ -	$99,793
City Special Districts Fund	Cost reimbursements	454,066	-	-	-	-
City Stormwater Drainage Fund	Public works charges	261	3	237	-	240
City Municipal Fund	Golf professional's benefits	-	19,691	-	-	19,691
		$454,327	**$95,305**	**$24,419**	**$ -**	**$119,724**

Cost Reimbursement Payable To City Special Districts Fund

The City Special Districts Fund assesses property owners to fund services that confer a special benefit upon property within a designated district, such as street sweeping and landscaping. The contracts for these services are managed by the Authority and reimbursed by the City Special Districts Fund. The advance represents funds received in excess of funds expended at June 30, 2015.

Beginning balance	$482,113
Other services	(109,600)
Investment income	142
Reimbursement from the City	81,411
	$454,066

Advances Within the Golf Courses

Advance from Lake Hefner to Lincoln
During 2001, Lincoln Park Golf Course received an advance from Lake Hefner Golf Course in the amount of $155,000. The loan was used for operations due to the renovation of the golf course. The balance of this advance is $40,000 as of June 30, 2015.

Advance from Lake Hefner to Trosper
During 2001, Trosper Park Golf Course received an advance from Lake Hefner Golf Course in the amount of $110,000. The purpose of the advance was for operations due to the renovation of the golf course green. The balance of this loan is $37,500 as of June 30, 2015.

Advance from Golf System to Trosper
During 2014, Trosper Park Golf Course received an advance from the Golf System in the amount of $81,116. The purpose of the advance was for general operations expenses in the current year. The balance of this loan is $37,917 as of June 30, 2015.

In February 2015, Trosper Park Golf Course received and advance from the Equipment Fund of the Golf System in the amount of $36,000. The purpose of the advance was for the purchase of replacement batteries for the fleet of golf carts. The balance of this loan is $35,000 as of June 30, 2015.

Long-Term Payable To/Receivable From the City

		Receivable From (Payable To)				
	City General Fund	City and Schools Use Tax Fund	OCMFA Service Fund	Total	Due Within One Year	Due After One Year
Governmental Activities						
General Purpose Fund	$965,254	$2,799,158	$ -	$3,764,412	$786,179	$2,978,233
Business-Type Activities						
Golf Courses Fund	-	-	1,022,029	1,022,029	211,559	810,470
	$965,254	$2,799,158	$1,022,029	$4,786,441	$997,738	$3,788,703

TIF District #6 Payable
On October 14, 2008 the Authority received $1,031,653 from the City City and Schools Use Tax Fund. The funds were used to repay the LOC related to TIF District #6. The loan is to be repaid by the City General Fund and the General Purpose Fund over a seven year period at an interest rate of 2%. Once the Authority has repaid the scheduled amount to the City City and Schools Use Tax Fund, it is anticipated that the City General Fund will be repaid. The balance of the loan at June 30, 2015 is $971,610 including interest of $88,518 that was paid by the City General Fund.

Hockey Payable
On February 16, 2010 the Authority received $3,200,000 from the City City and School Use Tax Fund. The funds are to be used for the Cox Convention Center facility renovations and upgrade. The loan is to be repaid from revenues generated and collected by SMG under the extended use license agreement with Prodigal Hockey, LLC and from other Cox Convention Center events. The replenishment to the City and Schools Capital Projects Use Tax Fund with an interest rate of 4.19% will be over a 10-year period. The balance of the loan at June 30, 2015 is $2,751,748 and $41,065 of accrued interest.

Golf Cart Payable

On January 13, 2015 the Authority received $1,088,943 from the OCMFA Services Fund worker's compensation reserves. The funds were used for the purchase of 280 golf carts for Lake Hefner and Lincoln Park Golf Courses. The loan has an interest rate of 2.26% and will be repaid over a 5-year period. The balance of the loan at June 30, is $1,020,108 and $1,921 of accrued interest. The loan was made to the 2 golf courses as follows:

Lake Hefner Golf Course	$462,809
Lincoln Park Golf Course	626,134

Annual Payment Requirements to Maturity

	TIF District #6 Payable			Hockey Payable			Golf Cart Payable		
	City City and Use Tax Fund	City General Fund		City City and Schools Use Tax Fund			OCMFA Services		
Fiscal Year	Principal	Principal	Total	Principal	Interest	Total	Principal	Interest	Total
2016	$6,356	$ -	$6,356	$284,702	$115,298	$400,000	$209,638	$20,892	$230,530
2017	-	965,254	965,254	296,631	103,369	400,000	214,425	16,105	230,530
2018	-	-	-	309,060	90,940	400,000	219,322	11,208	230,530
2019	-	-	-	322,009	77,991	400,000	224,330	6,200	230,530
2020	-	-	-	335,501	64,499	400,000	152,393	1,294	153,687
2021-2025	-	-	-	1,203,845	111,405	1,315,250	-	-	-
	$6,356	$965,254	$971,610	$2,751,748	$563,502	$3,315,250	$1,020,108	$55,699	$1,075,807

VI. B. INTERFUND TRANSFERS AND PAYMENTS

Transfers Within the Golf Courses

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

	Golf Courses Fund						
	Lake Hefner Golf Course	Lincoln Park Lincoln Park	Trosper Park Golf Course	Earlywine Park Golf Course	James E. Stewart Golf Course	Golf Course System	Total
Lake Hefner	$ -	$17,335	$11,871	$ -	$ -	$452,204	$481,410
Lincoln	(17,335)	-	(1,223)	(10,763)	-	474,234	444,913
Trosper	(11,871)	1,223	-	(2,494)	-	86,602	73,460
Earlywine	-	10,763	2,494	-	-	112,438	125,695
Golf System	(452,204)	(474,234)	(86,602)	(112,438)	-	-	(1,125,478)
	($481,410)	**($444,913)**	**($73,460)**	**($125,695)**	**$ -**	**$1,125,478**	**$ -**

Payments To/From the City

		Governmental Activities	*Business-type Activities*		
	Purpose	General Purpose Fund	Golf Courses Fund	Fairgrounds Fund	Total
PAYMENT FROM					
City General Fund	Operating subsidies and administrative charges	$4,974,283	$805,730	$ -	$805,730
City Information Technology Fund	Tower lease	75,840	-	-	-
City Hotel/Motel Fund	Fairgrounds debt service	-	-	7,931,597	7,931,597
City Stormwater Drainage Fund	Oklahoma River sediment removal	750,000	-	-	-
City Capital Improvement Fund	Chickasaw Bricktown Ballpark construction	663	-	-	-
City MAPS Operations Fund	Civic Center construction	9,042	-	-	-
		$5,809,828	**$805,730**	**$7,931,597**	**$8,737,327**
PAYMENTS TO					
City Special Districts Fund	Cost reimbursement	**$62,684**	**$ -**	**$ -**	**$ -**

Dependency on the City

Governmental activities include operating subsidies for SMG management operations, utilities, and facility maintenance from the City General Fund and facility maintenance for the Civic Center from the City MAPS Operations Fund.

Business-type activities include a subsidy from the City for the cost for water and wastewater services to the Golf Courses Fund. For the year ended June 30, 2015, the City General Fund provided $459,459 to cover these costs. James E. Stewart Golf Course received a subsidy from the City General Fund in the amount of $346,271 for operating expenses. In addition, the City Hotel/Motel Tax Fund provides funds for debt service on the fairgrounds bonds.

VI. C. OTHER INTERFUND TRANSACTIONS

Administrative Charges

On August 26, 2003, the Authority increased green fees of $0.25 to $0.50 and annual green fees $25.00 to $62.50. This fee will reimburse a portion of funds necessary to finance various City administrative costs and water payments associated with the operation of the golf courses. On June 23, 2009, this fee was extended through June 30, 2014. On June 17, 2014 the Authority approved the extension of the fee through June 30, 2015. The revenue generated from the fee extensions will be deposited into each golf course operations account and paid to the City General Fund. The administrative charges to the City for the year are as follows: Lake Hefner Golf Course $24,620; Lincoln Park Golf Course $25,340; Trosper Park Golf Course $8,359; and Earlywine Park Golf Course $17,135. These charges are reported with expenses.

In 2012, the Authority hired a business manager to manage the overall operations of the golf courses. The business manager is an employee of the City. The golf courses reimburse the City for the business manager's salary. The salary reimbursement to the City for the year are as follows: Lake Hefner Golf Course $29,933; Lincoln Park Golf Course $29,933; Trosper Park Golf Course $14,966; and Earlywine Park Golf Course $29,933. These charges are reported with expenses.

VII. PENSION PLANS

VII. A. DEFINED BENEFIT PENSION PLAN - OCERS

Implementation of New Accounting Standards

Effective July 1, 2014, the City and the Authority implemented GASB statement number 68, Accounting and Financial Reporting for Pensions as amended by GASB statement number 71, Pension Transition for Contributions Made Subsequent to the Measurement Date and GASB statement number 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement, as amended, establishes standards for measuring and recognizing assets/liabilities, deferred outflows of resources, deferred inflows of resources, and expense for employers providing pension plans. It also includes note disclosure and required supplementary information requirements.

VII. A. 1. PLAN DESCRIPTION

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

The OCERS is the administrator of a single employer defined benefit local government retirement plan for the City of Oklahoma City. Plan amendments and benefit provisions are established and amended by City Council action. Unless otherwise indicated, the information in this note is provided as of the latest actuarial valuation, December 31, 2013. Actuarial valuations are performed annually.

Funding Policies, Contribution Methods and Benefit Provisions

Year established and governing authority	1958; City Council Ordinance
Determination of contribution requirements	Actuarially determined
Contribution Rates:	
Employer	8.00% of covered payroll
Plan members	6.00% of covered payroll
Funding of administrative costs	Investment earnings
Period required to vest	5 years
Cost of living benefit increases	Cost of living adjustments are compounded annually; increases must be approved by the OCERS Board
Eligibility for distribution	30 years credited service regardless of age, or age 60 with 10 years (Pre 3/67 hires), or 25 years of credited service regardless of age, or age 65 with 5 years (Post 3/67 hires), or age 55 with 5 years on a reduced basis, or 5 years service, with benefits.

Funding Policy

OCERS is administered by the City and funded by contributions from participants and employers as necessary. Eligible Enterprise employees participate in this plan. Contribution requirements are actuarially determined and established by City Council ordinance. Administrative costs are funded with investment earnings.

Benefit Provisions

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

Cost of Living Adjustments

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

Membership

Active employees - nonvested	761
Active employees - vested	1,726
Retirees and beneficiaries currently receiving benefits	1,345
Terminated plan members entitled to but not yet receiving benefits	82
	3,914

Actuarial Assumptions

Valuation date	12/31/13
Provisions for:	
Disability benefits	Yes
Death benefits	Yes
Investment rate of return	7.5%
Projected salary increases	2%
Cost of living benefit increases (maximum)	4%
Inflation	3.75% to 7.25%
Mortality table	RP 2000 mortality table projected to 2010 was used in this valuation

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

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

VII. A. 2. ANNUAL PENSION COST, TREND INFORMATION, AND RESERVES

Annual Pension Cost and Trend Information

	Annual Pension Cost		
Fiscal Year	OCERS	Authority Share	Percentage Contributed
2014	$145,496	$2,386	100%

Reserves

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

Concentrations

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

VII. A. 3. NET PENSION ASSET (LIABILITY)

Authority Share

The departmental share of net pension asset is allocated using the departments share of employer contributions for the paryroll ending June, 30, 2014. The department portion for 2014 was 1.64%.

	2014	
	Total	Authority Share
Total pension liability	($597,046,301)	($9,791,560)
Fiduciary net position	658,458,798	10,798,724
Net pension asset (liability)	**$61,412,497**	**$1,007,164**
Plan fiduciary net position as a percentage of the total pension liability	**110.29%**	**110.29%**

VII. A. 4. RATE OF RETURN AND DISCOUNT RATE

Rate of Return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 17.10% for OCERS . The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Long-term Expected Rate of Return and Target Allocation

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

Long-term Expected Rate of Return	
Core Bonds	2.84%
Core Plus	3.11%
Global Bonds	2.87%
Absolute Return	4.35%
U.S. Large Cap Equity	7.77%
U.S. Small Cap Equity	9.03%
International Developed Equity	8.76%
Emerging Market Equity	10.00%
Long/Short Equity	7.64%
Private Equity	10.65%
Core Real Estate	5.30%
Opportunistic Real Estate	0.09%
Commodities	4.21%

Target Allocation	
Domestic	50.00%
International	10.00%
Fixed income	25.00%
Real estate	15.00%

Discount Rate

A single discount rate of 7.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.5%. The projections of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contributions rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

		Total Pension Asset (Liability)		Net Pension Asset (Liability)	
	Rate	OCERS	Authority Share	OCERS	Authority Share
1% decrease	6.50%	($671,467,967)	($11,012,075)	($13,009,169)	($213,350)
Current single discount rate	7.50%	(597,046,301)	(9,791,559)	61,412,497	1,007,164
1% increase	8.50%	(534,353,265)	(8,763,394)	124,105,533	2,035,331

VII. A. 5. FUNDING STATUS AND FUNDING PROGRESS

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

VII. B. DEFINED CONTRIBUTION PLANS

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

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

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

The two plans include 1408 participants comprised of City Council appointees and management personnel. The Authority currently has no participants in the plan.

VIII. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

VIII. A. PLAN DESCRIPTION

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

Funding Policies, Contribution Methods and Benefit Provisions

Year established and governing authority	2008; City Council Ordinance
Determination of contribution requirements	City Policy
Contribution rates:	
Employer	58% of premium
Plan members	42% of premium
Funding of administrative costs	Investment earnings
Period required to vest	5 years
Eligibility for distribution	General employees are eligible for membership in the Plan if they retire from the City on or after age 55 with 5 years of service or at any age with 25 years of service. Police officers are eligible for benefits under the Plan if they retire from the City on or after age 55 with 5 years of service or at any age with 20 years of service. Firefighters with 20 years of service retiring before January 1, 2003 are eligible for membership. Participation may only be elected at the time of retirement.

Funding Policy
Contribution requirements are actuarially determined and established by City Council ordinance. Beginning January 1, 2015, the employer contribution rate changed from 60% of premium to 58% of premium. The employee contributes the balance of the premium. Administrative costs are funded with investment earnings.

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

The City provides medical benefits either through a fully insured health plan or through a self-insured Group Indemnity Plan. Benefits include general inpatient and outpatient medical services and prescription drug coverage. General employees are eligible for membership in the Plan if they retire from the City on or after age 55 with 5 years of service or at any age with 25 years of service. Coverage for dependents can continue upon the death of the retiree. Spouses of employees who die in active service while eligible for benefits can receive coverage.

Membership

Active members	3,592
Retirees and beneficiaries currently receiving benefits	2,145
	5,737

Annual Required Contributions - Actuarial Assumptions

Valuation date	7/1/14
Actuarial cost method	Projected unit credit with linear proration to decrement
Amortization method	Level percentage of payroll
Amortization period	30 years, open
Actuarial asset valuation method	4-year smoothed market
Actuarial Assumptions	
Investment rate of return	4.9%
Blended discount rate method	The discount rate is based on the expected long-term return on the investments that are used to finance the benefit programs
Inflation rate	3%
Projected salary increases	3%
Health care trend rate	4.5% (4.5% for Medicare age)
Mortality table	RP 2000 combined mortality table projected to 2010 using scale AA

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

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

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

	Authority Funds	Total
Annual required contribution	$497,740	$35,920,317
Interest on net OPEB obligation	83,016	5,990,979
Adjustment to annual required contribution	(76,208)	(5,499,698)
Annual OPEB cost	504,548	36,411,598
Contributions made	-	(18,815,501)
Increase in net OPEB obligation	504,548	17,596,097
Net OPEB obligation, beginning of year	2,953,876	122,015,868
end of year	**$3,458,424**	**$139,611,965**

Trend Information

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	$36,411,598	$18,815,501	51.7%	$139,611,965
2014	34,407,410	19,619,034	57.0	122,015,868
2013	33,258,975	19,904,516	59.8	107,227,492

Reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits for either plan. The plans held no individual investments (other than U.S. government and U.S. government guaranteed obligations) whose market value exceeds 5% or more of net assets available for benefits. There are no long-term contracts for contributions.

VIII. C. FUNDED STATUS AND FUNDING PROGRESS

Actuarial value of plan assets (AVA)	$34,027,895
Actuarial accrued liability (AAL)	474,680,748
Unfunded actuarial accrued liability (UAAL)	440,652,853
Funded ratio (AVA/AAL)	7.2%
Covered payroll (active plan members)	213,091,393
UAAL as a percentage of covered payroll	206.8%

The required supplementary information schedules of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. OCPEBT financial statements including the actuarial report referred to in this note may be obtained from Finance Department, Accounting Services Division, 100 N. Walker, Suite 300, Oklahoma City, OK 73102.

IX. COMMITMENTS

Construction projects are substantially funded with revenue bonds. Active construction in progress remaining commitments at June 30, 2015, are composed of improvements in government activities totaling $101,938, and golf course improvements of $340,343.

An agreement has been entered into between the Authority, the National Collegiate Athletic Association (NCAA) the Oklahoma City All Sports Association (OCASA) and the City, whereby the Authority has committed to fund various improvements to the Softball Hall of Fame Complex, in return for the NCAA's commitment to hold, sponsor and play the NCAA Division I Women's Collegiate Softball World Series in Oklahoma City through 2035. The funding commitment and NCAA commitment is based upon the completion of various phases of the anticipated overall project. The aggregate funding commitment from the Authority is approximately $25 million dollars. Of this amount, $15 million is expected to be funded by a City general obligation bond proceeds, $7 million is expected to be funded with donations and sponsorships and $3 million is expected to be funded by naming rights. The Authority has assigned the obligations to be funded by City general obligation bond proceeds, donations and sponsorships to the City. As of June 30, 2015, the remaining commitment under the agreement is approximately $16.375 million including $12.375 million assigned to the City.

X. CONTINGENCIES

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

XI. SUBSEQUENT EVENTS

On June 23, 2015, the Authority approved issuance of Hotel Tax Revenue Refunding & Improvement Bonds, Series 2015 in principal amount of $58,305,000. The Series 2015 bonds were sold July 14, 2015. The Series 2015 bonds will be used at the Oklahoma City Fairgrounds to finance renovations and improvements to existing exhibit buildings and grounds, to include roadways, new and existing parking and RV spaces, roof replacements, interior refurbishing, electrical upgrades, HVAC and plumbing improvements, ADA upgrades, and storm water and sanitary improvements. These improvements will assist the Oklahoma City Fairgrounds in continuing to attract events to Oklahoma City.

Required Supplementary Information

I. SCHEDULE OF DEPARTMENT SHARE OF NET PENSION LIABILITY

Proportionate Share	1.64%
Authority share of the net pension liability (asset)	($1,007,164)
Other funds of the City share of the net pension liability (asset)	($60,405,333)
Total net pension liability (asset)	($61,412,497)
Covered - employee payroll	**$124,957,446**
Net pension liability (asset) as a percentage of covered - employee payroll	-49.15%
Plan fiduciary net positon as a percentage of total pension liability	110.29%

II. SCHEDULE OF EMPLOYER CONTRIBUTIONS

Oklahoma City Employee Retirement System

FY Ending June 30,	Actuarially Determined Contribution (ADC) (a)	Contributions in Relation to ADC (b)	Contributions Deficiency (Excess)(a-b)	Covered Payroll (c)	Actual Contribution As a Percentage of Covered Payroll (b/c)
2014	$145,496	$145,496	$ -	$2,049,302	7%

III. NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Results for years before June 30, 2014 are not available. This information will be developed prospectively beginning in 2014 until eventually 10 years of information is available.

Oklahoma City Employee Retirement System amounts presented above represent the Authority's share presented in Note VII. A. 3. NET PENSION ASSET (LIABILITY).

I. SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2014	$34,027,895	$474,680,748	$440,652,853	7.2%	$213,091,393	206.8%
7/1/2013	26,315,759	451,028,790	424,713,031	5.8	203,859,835	208.3
7/1/2012	19,198,729	433,863,156	414,664,427	4.4	197,922,710	209.5

II. SCHEDULE OF EMPLOYER CONTRIBUTIONS

	Fiscal Year	Employer Contribution	Annual Required Contribution	Percentage Contributed
	2015	$18,815,501	$35,920,317	52.4%
0	2014	19,619,034	33,975,672	57.7
	2013	19,904,516	32,881,008	60.5

III. NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

Combining Financial Statements

Golf Courses Fund

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

COMBINING STATEMENT OF NET POSITION
GOLF COURSES FUND
June 30, 2015

	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	James E. Stewart Golf Course	Golf Course System	Total Golf Fund
ASSETS							
CURRENT ASSETS							
Pooled cash	$ -	$ -	$ -	$ -	$ -	$330,641	$330,641
Non-pooled cash	297,737	277,956	34,153	462,027	50,633	-	1,122,506
Investments	-	-	-	-	-	2,195,800	2,195,800
Accounts receivable, net	150	150	527	375	100	-	1,302
Interest, dividends, and royalties receivable	-	-	-	-	-	1,994	1,994
Due within golf courses	(29,460)	(36,601)	(9,499)	(19,277)	(555)	95,392	-
Inventories	135,618	61,058	21,512	80,269	13,831	-	312,288
Prepaids	413	2,135	1,898	2,556	1,685	-	8,687
Total current assets	404,458	304,698	48,591	525,950	65,694	2,623,827	3,973,218
NON-CURRENT ASSETS							
Investments	-	-	-	-	-	455,685	455,685
Advances within the golf courses	77,500	(40,000)	(110,417)	-	-	72,917	-
Prepaids, non-current	-	2,679	-	2,563	-	-	5,242
Net pension asset	331,627	239,509	104,401	233,367	98,260	-	1,007,164
Capital assets:							
Other capital assets, net of accumulated depreciation	925,630	2,761,927	743,419	1,089,507	391,005	7,041,946	12,953,434
Capital assets, net	925,630	2,761,927	743,419	1,089,507	391,005	7,041,946	12,953,434
Total non-current assets	1,334,757	2,964,115	737,403	1,325,437	489,265	7,570,548	14,421,525
Total assets	**1,739,215**	**3,268,813**	**785,994**	**1,851,387**	**554,959**	**10,194,375**	**18,394,743**
DEFERRED OUTFLOWS OF RESOURCES	**44,318**	**32,008**	**13,952**	**31,187**	**13,131**	**1,506**	**136,102**
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable	98,456	91,338	49,615	71,239	22,407	662,573	995,628
Wages and benefits payable	56,956	46,880	16,434	38,238	15,021	-	173,529
Payable to the City of Oklahoma City	92,245	135,039	2,247	738	1,142	75,453	306,864
Compensated absences	29,162	14,761	5,955	17,470	5,115	-	72,463
Bond interest payable	-	-	-	-	-	110,063	110,063
Bonds payable	-	-	-	-	-	775,000	775,000
Total current liabilities	276,819	288,018	74,251	127,685	43,685	1,623,089	2,433,547
NON-CURRENT LIABILITIES							
Compensated absences	42,961	24,634	9,188	25,847	3,367	-	105,997
Payable to the City of Oklahoma City	344,456	466,014	-	-	-	-	810,470
Bonds payable:							
Bonds payable	-	-	-	-	-	12,790,000	12,790,000
Unamortized bond discount/premium	-	-	-	-	-	34,750	34,750
Bonds payable, net	-	-	-	-	-	12,824,750	12,824,750
Net other post-employment benefit obligation	1,194,291	833,424	374,430	774,252	282,027	-	3,458,424
Total non-current liabilities	1,581,708	1,324,072	383,618	800,099	285,394	12,824,750	17,199,641
Total liabilities	**1,858,527**	**1,612,090**	**457,869**	**927,784**	**329,079**	**14,447,839**	**19,633,188**
DEFERRED INFLOWS OF RESOURCES	**245,107**	**177,022**	**77,163**	**172,483**	**72,624**	**-**	**744,399**
NET POSITION (DEFICIT)							
Net investment in capital assets	925,628	2,761,924	743,418	1,061,680	391,003	(5,632,642)	251,011
Debt service	-	-	-	-	-	581,464	581,464
Unrestricted	(1,245,729)	(1,250,215)	(478,504)	(279,373)	(224,616)	799,220	(2,679,217)
Total net position (deficit)	**($320,101)**	**$1,511,709**	**$264,914**	**$782,307**	**$166,387**	**($4,251,958)**	**($1,846,742)**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
GOLF COURSES FUND
For the Year Ended June 30, 2015

	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	James E. Stewart Golf Course	Golf Course System	Total Golf Fund
OPERATING REVENUES							
CHARGES FOR SERVICES							
Green fees	$1,658,497	$1,423,806	$480,498	$1,072,569	$160,658	$ -	$4,796,028
Concessions	622,418	359,388	142,314	229,802	47,935	-	1,401,857
Other charges	1,387	3,558	330	1,344	-	-	6,619
Total charges for services	2,282,302	1,786,752	623,142	1,303,715	208,593	-	6,204,504
Golf cart rentals	719,108	761,188	259,885	533,198	64,125	-	2,337,504
Total operating revenues	**3,001,410**	**2,547,940**	**883,027**	**1,836,913**	**272,718**	**-**	**8,542,008**
OPERATING EXPENSES							
Personal services	1,611,649	1,172,497	473,413	1,022,390	434,909	-	4,714,858
Maintenance, operations, and contractual services	406,528	480,843	191,496	252,720	118,270	720,265	2,170,122
Materials and supplies	560,014	479,134	220,021	376,791	115,765	250,079	2,001,804
Depreciation	122,563	293,631	136,011	204,880	89,261	26,825	873,171
Total operating expenses	**2,700,754**	**2,426,105**	**1,020,941**	**1,856,781**	**758,205**	**997,169**	**9,759,955**
Operating income (loss)	**300,656**	**121,835**	**(137,914)**	**(19,868)**	**(485,487)**	**(997,169)**	**(1,217,947)**
NON-OPERATING REVENUES (EXPENSES)							
Investment income	42	-	-	126	-	3,145	3,313
Interest on bonds and notes	(4,221)	(5,710)	-	-	-	(318,909)	(328,840)
Amortization	-	-	-	-	-	2,750	2,750
Payments from the City of Oklahoma City	-	-	-	-	346,271	459,459	805,730
Other revenues (expenses)	173,463	(13,770)	218	(43,592)	53,663	39,970	209,952
Net non-operating revenues (expenses)	169,284	(19,480)	218	(43,466)	399,934	186,415	692,905
Income (loss) before transfers	**469,940**	**102,355**	**(137,696)**	**(63,334)**	**(85,553)**	**(810,754)**	**(525,042)**
TRANSFERS							
Transfers within the golf courses	(481,410)	(444,913)	(73,460)	(125,695)	-	1,125,478	-
Total transfers	(481,410)	(444,913)	(73,460)	(125,695)	-	1,125,478	-
Changes in net position (deficit)	**(11,470)**	**(342,558)**	**(211,156)**	**(189,029)**	**(85,553)**	**314,724**	**(525,042)**
Total net position, beginning, as previously reported	(376,007)	1,805,607	454,859	923,924	231,977	(4,566,682)	(1,526,322)
Change in accounting principle	67,376	48,660	21,211	47,412	19,963	-	204,622
Total net position, beginning, as restated	(308,631)	1,854,267	476,070	971,336	251,940	(4,566,682)	(1,321,700)
Total net position (deficit), ending	**($320,101)**	**$1,511,709**	**$264,914**	**$782,307**	**$166,387**	**($4,251,958)**	**($1,846,742)**

COMBINING STATEMENT OF CASH FLOWS
GOLF COURSES FUND
For the Year Ended June 30, 2015

	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	James E. Stewart Golf Course	Golf Course System	Total Golf Fund
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers	$3,026,164	$2,563,199	$880,019	$1,854,129	$342,832	$40,000	$8,706,343
Cash payments to suppliers for goods and services	(965,278)	(856,278)	(395,970)	(629,194)	(233,633)	(904,155)	(3,984,508)
Cash payments to employees and professional contractors for services	(1,514,713)	(1,094,036)	(433,954)	(956,767)	(420,298)	-	(4,419,768)
Cash payments for internal services	(21,864)	(74,996)	(11,678)	(4,126)	(5,831)	(76,349)	(194,844)
Operating payments from City of Oklahoma City	462,809	626,134	-	-	346,271	667,733	2,102,947
Operating payments to City of Oklahoma City	(32,659)	(44,184)	-	-	-	-	(76,843)
Operating payments within the Department	(493,413)	(458,985)	(10,626)	(123,545)	280	1,086,289	-
Net cash provided by operating activities	**461,046**	**660,854**	**27,791**	**140,497**	**29,621**	**813,518**	**2,133,327**
CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES							
Payments for acquisition and construction of capital assets	(637,582)	(634,253)	(37,398)	(33,673)	-	(3,783,462)	(5,126,368)
Principal paid on long-term debt	-	-	-	-	-	(755,000)	(755,000)
Interest paid on long-term debt	-	-	-	-	-	(460,838)	(460,838)
Proceeds from sale of assets	163,325	3,089	-	-	-	-	166,414
Net cash provided (used) by captal and related financing activities	**(474,257)**	**(631,164)**	**(37,398)**	**(33,673)**	**-**	**(4,999,300)**	**(6,175,792)**
CASH FLOWS FROM INVESTING ACTIVITIES							
Payments for purchase of investments	-	-	-	-	-	(1,215,860)	(1,215,860)
Proceeds from sale of investments	-	-	-	-	-	5,222,193	5,222,193
Changes in pooled investments	-	-	-	-	-	13,413	13,413
Investment income received	42	-	-	126	-	3,349	3,517
Net cash provided by investing activities	**42**	**-**	**-**	**126**	**-**	**4,023,095**	**4,023,263**
Net increase (decrease) in cash	**(13,169)**	**29,690**	**(9,607)**	**106,950**	**29,621**	**(162,687)**	**(19,202)**
Cash, beginning	310,906	248,266	43,760	355,077	21,012	493,328	1,472,349
Cash, ending	**$297,737**	**$277,956**	**$34,153**	**$462,027**	**$50,633**	**$330,641**	**$1,453,147**

For the Year Ended June 30, 2015

	Lake Hefner Golf Course	Lincoln Park Golf Course	Trosper Park Golf Course	Earlywine Park Golf Course	James E. Stewart Golf Course	Golf Course System	Total Golf Fund
RECONCILIATION OF OPERATING INCOME (LOSS)							
Operating income (loss)	**$300,656**	**$121,835**	**($137,914)**	**($19,868)**	**($485,487)**	**($997,169)**	**($1,217,947)**
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) PROVIDED BY OPERATING ACTIVITIES							
Depreciation	122,563	293,631	136,011	204,880	89,261	26,825	873,171
Other revenue (expense)	(57,609)	(46,877)	(20,996)	(45,408)	49,541	39,992	(81,357)
Change in accounting principle	67,376	48,660	21,211	47,412	19,963	-	204,622
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	-	-	(149)	6	50	-	(93)
(Increase) decrease in payments/transfers from (to) within the Department	(465,410)	(444,913)	(6,543)	(125,696)	-	1,042,562	-
(Increase) decrease in receivable from City of Oklahoma City	434,806	622,061	(4,083)	2,151	347,106	619,074	2,021,115
(Increase) decrease in inventories	17,745	(6,117)	536	5,437	(2,982)	-	14,619
(Increase) decrease in prepaid assets	651	(4,683)	(1,772)	5,048	(1,589)	-	(2,345)
(Increase) decrease in net pension asset	(331,627)	(239,509)	(104,401)	(233,367)	(98,260)	-	(1,007,164)
(Increase) decrease in deferred outflows	(44,318)	(32,008)	(13,952)	(31,187)	(13,131)	-	(134,596)
Increase (decrease) in accounts payable and accrued expenses	(26,426)	39,552	(155)	101	(880)	(7,028)	5,164
Increase (decrease) in wages and benefits payable	73,409	59,499	24,596	51,710	19,778	-	228,992
Increase (decrease) in payable to City of Oklahoma City	(30,430)	(40,790)	2,230	738	635	89,262	21,645
Increase (decrease) in compensated absences	(19,160)	(9,115)	926	(6,534)	(7,564)	-	(41,447)
Increase (decrease) in net other post-employment benefit obligation	173,713	122,606	55,083	112,591	40,556	-	504,549
Increase (decrease) in deferred inflows	245,107	177,022	77,163	172,483	72,624	-	744,399
Total adjustments	160,390	539,019	165,705	160,365	515,108	1,810,687	3,351,274
Net cash provided by operating activities	**$461,046**	**$660,854**	**$27,791**	**$140,497**	**$29,621**	**$813,518**	**$2,133,327**

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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 Public Property Authority
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 governmental activities, the business-type activities and each major fund of the Oklahoma City Public Property Authority (the Authority), a blended component unit of the City of Oklahoma City, Oklahoma (the City), as of and for the year ended June 30, 2015, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 4, 2015, that contained a reference to another auditor and *Emphasis of Matter* paragraphs regarding changes in accounting principles and correction of an error in prior year financial statements. The financial statements of The Combined Operations of the Cox Convention Center and the Chesapeake Energy Arena, as managed by SMG, which are reported within the Authority's governmental activities and general purpose fund financial statements, were not audited in accordance with *Government Auditing Standards.*

Internal Control over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A 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. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 15-01 to be a material weakness.

Board of Trustees
Oklahoma City Public Property Authority

Compliance and Other Matters

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

Authority's Response to the Finding

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Authority'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 noted certain matters that we reported to the Authority'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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Oklahoma City, Oklahoma
December 4, 2015

Oklahoma City Public Property Authority

Schedule of Findings and Responses

Year Ended June 30, 2015

Reference Number	Finding
15-01	Criteria or Specific Requirement – Management of Oklahoma City Public Property Authority (OCPPA) is responsible for establishing and maintaining effective internal controls over financial reporting. Condition – During the course of the audit, we identified the need to make certain adjustments to capital assets and related depreciation accounts. Context – Accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties. Effect – Misstatements in the financial statements resulting from errors that occurred and were not detected and/or corrected in a timely manner created the need to record an audit adjustment to correct the errors and restate prior year financial statements. The errors were a result of assets being placed in service and depreciation was not being recorded on those assets because of a system issue. Cause – Certain deficiencies in the overall review process of the financial statements were not sufficient to identify these errors timely. Recommendation – We recommend the accounting services division enhance their review procedures regarding capital assets. Views of Responsible Officials and Planned Corrective Actions – We agree. We will continue our efforts to address challenges with the fixed asset system and to ensure that procedures are followed to properly record fixed assets.