



# Oklahoma City Municipal Facilities Authority

A blended component unit of The City of Oklahoma City, Oklahoma  
Annual Financial Report | for the Fiscal Year ended June 30, 2020





# **THE OKLAHOMA CITY MUNICIPAL FACILITIES AUTHORITY**

A Blended Component Unit of  
Oklahoma City, Oklahoma

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Craig Freeman, General Manager

Annual Financial Report for the Fiscal Year Ended June 30, 2020

Prepared by The Oklahoma City Finance Department, Accounting Services Division  
Angela Pierce, CPA , Assistant Finance Director/Controller



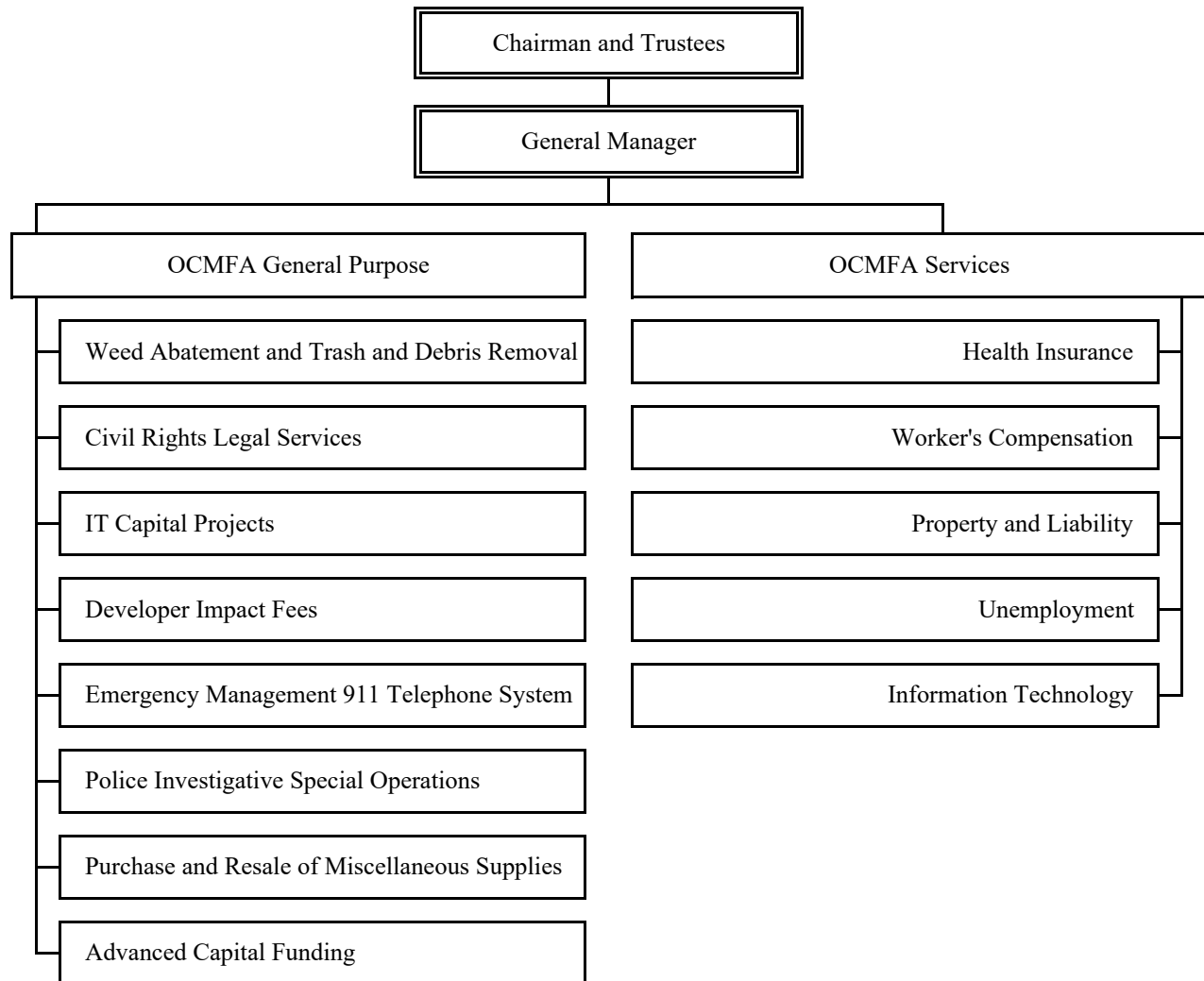
**OKLAHOMA CITY MUNICIPAL FACILITIES AUTHORITY**

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# Oklahoma City Municipal Facilities Authority Organization Chart



# **Introductory Section**







The City of  
**OKLAHOMA CITY**

November 20, 2020

The Board of Trustees  
Oklahoma City Municipal Facilities Authority

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

The Authority's annual report includes the reports of independent auditors, management's discussion and analysis (MD&A), Authority-wide, fund and combining financial statements and related notes. Management's narrative on the financial activities of the Authority for the fiscal years ended June 30, 2020 and 2019, 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. 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 was created by the City Council on November 17, 1976, to acquire, maintain, construct or equip industrial and cultural facilities. The General Purpose Fund was formed to prefund services to citizens such as weed abatement and drainage improvements and serves as the general fund of the Authority. The OCMFA Services Fund was created to administer long-term contracts for insurance and capital-related information technology projects for the City.

The coronavirus pandemic has cast a large shadow over the economic outlook for Oklahoma City and the country as a whole. The economic contraction in the US was unprecedented as local, state and federal leaders worked through impacts of the contraction caused by the measures designed to suppress the transmission of coronavirus. The collapse in oil prices that occurred as a result of the dramatic reduction in global oil demand as a result of the pandemic has had a significant impact on the oil and gas industry worldwide and Oklahoma was no exception. From June of 2019 to June 2020, Oklahoma experienced a 90% reduction in active drilling rigs dropping from 100 active rigs to just 10. Going back just a year more to June 2018, Oklahoma had 140 drilling rigs working in the state. The contraction in the oil and gas industry has been dramatic and the effects will continue to ripple through the economy as firms in every facet of the oil and gas industry continue to cut back on staff and expenses.

Dr. Russel Evans, Executive Director of the Steven C. Agee Economic Research & Policy Institute of Oklahoma City University, provided his economic forecast to the City Council during the annual budget workshop in February 2020, but that forecast seems like ancient history with all that has transpired since. In a recent update, Dr. Evans estimated that US Gross Domestic Product (GDP) growth over the next couple of years is expected to be stronger than in recent years. However, he projects the US economy will not fully recover the losses incurred in the first half of calendar year 2020 until 2022.

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In looking at Oklahoma City specifically, Dr. Evans summer update provided two scenarios for our FY21 sales tax collections. The two scenarios were differentiated by whether additional mild recessionary influences are experienced or whether the local economy continues on its current trajectory of gradual recovery. The two scenarios generated estimated sales tax declines in Oklahoma City of 2.8% to 3.4% in FY21. The City has budgeted for a decline sales tax of 5% in FY21.

Going forward, Oklahoma City has a number of factors in its favor when the threat of coronavirus is lifted. The cost of living and the cost of doing business are consistently rated among the best in the country. In addition, low commuting times, convenient airline travel, and excellent entertainment and sports opportunities make Oklahoma City a great place for businesses and residents. Oklahoma City has dedicated a significant portion of the CARES Act funds the City received to supporting small businesses and even carved out a portion for live performance venues in an effort to support local businesses and continued quality of life.

Oklahoma City is being recognized more and more as a great place to work, live and visit. As evidence, the Oklahoma City metropolitan area became the 25th largest metro area in the United States this year. Zillow ranked Oklahoma City No. 1 out of 42 large metro areas nationwide for tech companies and start-ups to expand. The study focused on these five factors: housing affordability, market “hotness,” demographics & labor, tech availability and livability. Oklahoma City was named to Travel+Leisure's Top 50 Destinations worldwide in 2020 and was one of only seven destinations in the United States.

Services and activities of the Authority, provided on behalf of the City, include financing, certain operating and capital expenditures for administration of the City's risk management, information technology, capital leasing, and other general government activities. The City's Mayor and Council serve as the Authority's trustees and the City Manager is General Manager.

The Authority participates in the City's comprehensive accounting and budgetary system. Additionally, the Authority's management maintains budgetary controls to ensure effective financial oversight.

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

Respectfully submitted:



Craig Freeman  
The City of Oklahoma City  
General Manager



Brent Bryant  
The City of Oklahoma City  
Finance Director



Angela Pierce, CPA  
The City of Oklahoma City  
Assistant Finance Director/Controller

# **Financial Section**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
**Oklahoma City Municipal Facilities 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 Municipal Facilities Authority (Authority), a blended component unit of the City of Oklahoma City, Oklahoma (City), as of and for the years ended June 30, 2020 and 2019, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Authority as of June 30, 2020 and 2019, and the respective changes in its financial position and, where applicable, its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary and Other Information*

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining financial statements and introductory section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2020 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

November 20, 2020  
Wichita, KS



## MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Oklahoma City Municipal Facilities Authority (Authority) annual financial report, the Authority's management provides narrative discussion and analysis of the financial activities of the Authority for the fiscal years ended June 30, 2020 and 2019. The Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Introductory information is available in the transmittal letter which precedes this discussion and analysis. The Authority is a blended component unit of the City of Oklahoma City (City).

### *Financial Summary*

- Authority assets exceeded liabilities by \$42,086,562 (net position) at June 30, 2020. This compares to the previous year when assets exceeded liabilities by \$36,672,731.
- Total assets for the Authority decreased by \$2,210,082 (2.1%) to \$100,792,644 during the fiscal year.
- Total liabilities for the Authority decreased by \$7,623,913 (11.5%) to \$58,706,082 during the fiscal year.
- Total net position is comprised of the following:
  - (1) Net investment in capital assets of \$10,609,340 and \$11,535,174 for 2020 and 2019, respectively, includes property and equipment, net of accumulated depreciation and related debt.
  - (2) Restricted net position for capital projects of \$1,932,576 and \$1,601,229 for 2020 and 2019, respectively, is constrained for capital projects.
  - (3) Unrestricted net position is \$29,544,646 for 2020 and \$23,536,328 for 2019.
- The Authority's governmental fund reported total ending fund balance of \$18,755,921 this year. This compares to the prior year ending fund balance of \$16,596,080, showing an increase of \$2,159,841 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. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

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

The second Authority-wide statement is the statement of activities which reports how the Authority's net position changed during the 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 functions supporting general government, public safety, public services, and culture and recreation activities reported in the Authority's governmental fund. Business-type activities include risk management and information technology 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 serves as the general fund of the Authority and is reported in the fund financial statements and reports general government, public safety, public services, and culture and recreation functions as reported in the Authority-wide financial statements. The fund statements provide 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 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 balances provide a reconciliation to assist in understanding the differences between the two perspectives.

#### Proprietary Fund

The proprietary fund is reported in the fund financial statements and generally reports services for which the Authority charges customers a fee. The Authority reports this as an enterprise fund. The enterprise fund essentially encompasses the same functions reported as business-type activities in the Authority-wide statements.

The proprietary fund statement provides both long-term and short-term financial information consistent with the focus provided by the Authority-wide financial statements. Supplementary information which comprises the OCMFA Services 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.

### ***Financial Analysis***

Governmental activities include prefunding projects including those funded by the City's general obligation bond issuances. The City's weed abatement and public nuisance ordinance enforcement programs are also reported in governmental activities. These activities are subsidized or reimbursed by the City.

Business-type activities are comprised of employee benefit and insurance program services provided to the employees of the City and related public trusts and information technology support services involving long-term City contracts and licenses.

The Authority's net position at June 30, 2020 is \$42,086,562. This is an increase of \$5,413,831 from the June 30, 2019 net position of \$36,672,731. Overall the Authority's financial position improved during fiscal year 2020.

Summary of Net Position

	Governmental Activities		Business-type Activities		Total		2020 - 2019	Governmental Activities	Business-type Activities	Total	2019 - 2018
	2020	2019	2020	2019	2020	2019	% Change	2018	2018		% Change
<b>Assets</b>											
Current assets	\$24,206,100	\$21,890,531	\$56,130,550	\$59,440,542	\$80,336,650	\$81,331,073	(1.2%)	\$20,860,887	\$54,589,967	\$75,450,854	7.8%
Capital assets, net	8,576,220	9,109,532	7,445,602	8,005,521	16,021,822	17,115,053	(6.4)	9,956,497	8,504,925	18,461,422	(7.3)
Other non-current assets	793,166	342,110	3,641,006	4,214,490	4,434,172	4,556,600	(2.7)	203,060	5,050,838	5,253,898	(13.3)
<b>Total assets</b>	<b>33,575,486</b>	<b>31,342,173</b>	<b>67,217,158</b>	<b>71,660,553</b>	<b>100,792,644</b>	<b>103,002,726</b>	(2.1)	<b>31,020,444</b>	<b>68,145,730</b>	<b>99,166,174</b>	3.9
<b>Liabilities</b>											
Current liabilities	4,607,759	4,286,916	21,470,919	29,789,553	26,078,678	34,076,469	(23.5)	3,733,503	27,290,055	31,023,558	9.8
Non-current liabilities	-	-	32,627,404	32,253,526	32,627,404	32,253,526	1.2	-	33,738,531	33,738,531	(4.4)
<b>Total liabilities</b>	<b>4,607,759</b>	<b>4,286,916</b>	<b>54,098,323</b>	<b>62,043,079</b>	<b>58,706,082</b>	<b>66,329,995</b>	(11.5)	<b>3,733,503</b>	<b>61,028,586</b>	<b>64,762,089</b>	2.4
<b>Net position</b>											
Net investment in											
capital assets	8,576,220	9,109,532	2,033,120	2,425,642	10,609,340	11,535,174	(8.0)	9,956,497	2,784,747	12,741,244	(9.5)
Restricted for:											
Capital projects	1,932,576	1,601,229	-	-	1,932,576	1,601,229	20.7	1,447,869	-	1,447,869	10.6
Public safety	-	-	-	-	-	-	0.0	169,414	-	169,414	(100.0)
Unrestricted	18,458,931	16,344,496	11,085,715	7,191,832	29,544,646	23,536,328	25.5	15,713,161	4,332,397	20,045,558	17.4
<b>Total net position</b>	<b>\$28,967,727</b>	<b>\$27,055,257</b>	<b>\$13,118,835</b>	<b>\$9,617,474</b>	<b>\$42,086,562</b>	<b>\$36,672,731</b>	14.8	<b>\$27,286,941</b>	<b>\$7,117,144</b>	<b>\$34,404,085</b>	6.6

Governmental activities current assets increased by \$2.32 million in 2020 and by \$1.03 million in 2019. Cash and investments for governmental activities increased by \$810 thousand for 2020 and decreased by \$530 thousand for 2019. Governmental activities accounts receivable increased by \$282 thousand and \$268 thousand in 2020 and 2019, respectively, primarily related to collections for nuisance abatement fees receivables in both years. Governmental activities receivable from the City increased by \$1.05 million and \$1.39 million in 2020 and 2019, respectively, primarily due to changes in the City General Obligation Bond Fund budgeted payments. Prepaid assets for governmental activities, mainly relating to software licensing and support increased by \$53 thousand and remained consistent in 2019.

Business-type activities current assets decreased by \$3.31 million in 2020 and increased by \$4.85 million in 2019. Cash and investments for business-type activities decreased by \$3.02 million for 2020 and increased by \$5.02 million for 2019. Business-type interest receivable decreased by \$51 thousand in 2020 and increased by \$201 thousand 2019. Business-type activities receivable from the City increased by \$425 thousand in 2020. Receivable from the City decreased by \$1.33 million in 2019 primarily due to the loan for the Civic Center sound system being transferred from the Oklahoma City Public Property Authority (OCPPA) to the Civic Center Foundation. Business-type notes receivable decreased by \$468 thousand in 2020 due to Civic Center loan payments. Notes receivable increased by \$1.20 million in 2019 due to the OCPPA Civic Center loan being transferred to the Civic Center Foundation in 2019.

Capital assets in governmental activities decreased by \$533 thousand and \$847 thousand in 2020 and 2019, respectively, primarily due to normal depreciation. Capital assets in business-type activities decreased by \$560 thousand and \$499 thousand in 2020 and 2019, respectively, primarily due to normal depreciation.

Other non-current assets for governmental activities increased by \$451 thousand and \$139 thousand in 2020 and 2019, respectively. Receivable from the City increased by \$535 thousand and \$167 thousand in 2020 and 2019, respectively, related to prefunding project costs. Non-current prepaid expenses decreased by \$84 thousand and \$28 thousand in 2020 and 2019, respectively, primarily due to normal renewal and amortization of long-term prepaid software licenses and support.

Other non-current assets for business-type activities decreased by \$573 thousand and \$836 thousand in 2020 and 2019, respectively. Receivable from the City decreased by \$516 thousand in 2020 primarily related to a decrease in prefunding project costs of \$535 thousand and a decrease in prepaids of \$132 thousand. In 2019, amounts receivable from the City decreased by \$2.88 million primarily related to the Civic Center sound system loan of \$2.52 million being transferred from OCPPA to the Civic Center Foundation, as well as a decrease of \$170 thousand in unfunded liabilities related to cost reimbursement advances, offset by an increase of \$132 thousand in non-current prepaids. Notes receivable increased by \$74 thousand in 2020. Notes receivable increased by \$1.91 million in 2019 due to the Civic Center sound system loan being transferred from OCPPA to the Civic Center Foundation.

Current liabilities for governmental activities increased by \$321 thousand and \$553 thousand in 2020 and 2019, respectively. Accounts payable and accrued expenses decreased by \$52 thousand in 2020 and increased by \$363 thousand in 2019. Amounts due to other City funds related to changes in unfunded liabilities for cost reimbursement advances increased by \$369 thousand and \$191 thousand in 2020 and 2019, respectively.

Business-type activities current liabilities decreased by \$8.32 million in 2020 and increased by \$2.50 million in 2019. Accounts payable increased by \$668 thousand in 2020 and decreased by \$1.87 million in 2019 primarily related to the timing of vendor payments. Payables to the City decreased by \$9.18 million in 2020 and increased by \$5.64 million in 2019, respectively, primarily related to changes in unfunded liabilities for cost reimbursement advances. Notes and estimated claims payable increased by \$195 thousand in 2020 and decreased by \$1.02 million in 2019 for changes in actuarially determined estimated insurable claims.

Non-current liabilities for business-type activities increased by \$374 thousand in 2020 primarily due to an increase in notes and estimated claims payable of \$842 thousand. This was offset by a decrease of \$445 thousand in payables to the City of Oklahoma City. Non-current liabilities for business-type activities decreased by \$1.49 million for 2019 primarily due to a decrease in notes and estimated claims payable of \$1.30 million.

**Summary of Changes in Net Position**

	Governmental		Business-type		Total		2020 - 2019 % Change	Governmental	Business-type	Total	2019 - 2018 % Change
	Activities		Activities		2020	2019		Activities	Activities		
	2020	2019	2020	2019				2018	2018		
<b>Revenues</b>											
Charges for services	\$1,930,276	\$1,559,113	\$61,613,960	\$57,461,761	\$63,544,236	\$59,020,874	7.7%	\$1,057,727	\$54,963,016	\$56,020,743	5.4%
Operating grants and contributions	2,857,649	1,081,934	676,938	723,518	3,534,587	1,805,452	95.8	498,364	842,844	1,341,208	34.6
General revenues	817,444	791,698	350,839	240,849	1,168,283	1,032,547	13.1	490,079	19,060	509,139	102.8
<b>Total revenues</b>	<b>5,605,369</b>	<b>3,432,745</b>	<b>62,641,737</b>	<b>58,426,128</b>	<b>68,247,106</b>	<b>61,858,873</b>	10.3	<b>2,046,170</b>	<b>55,824,920</b>	<b>57,871,090</b>	6.9
<b>Program expenses</b>											
General government	1,474,496	1,819,179	-	-	1,474,496	1,819,179	(18.9)	902,129	-	902,129	101.7
Public safety	80,861	88,246	-	-	80,861	88,246	(8.4)	88,246	-	88,246	0.0
Public services	2,016,697	1,632,613	-	-	2,016,697	1,632,613	23.5	1,775,141	-	1,775,141	(8.0)
Culture and recreation	120,845	124,391	-	-	120,845	124,391	(2.9)	128,384	-	128,384	(3.1)
Risk management	-	-	58,126,972	54,894,784	58,126,972	54,894,784	5.9	-	55,111,360	55,111,360	(0.4)
Information technology	-	-	1,013,404	1,031,014	1,013,404	1,031,014	(1.7)	-	543,167	543,167	89.8
<b>Total expenses</b>	<b>3,692,899</b>	<b>3,664,429</b>	<b>59,140,376</b>	<b>55,925,798</b>	<b>62,833,275</b>	<b>59,590,227</b>	5.4	<b>2,893,900</b>	<b>55,654,527</b>	<b>58,548,427</b>	1.8
<b>Changes in net position</b>	<b>1,912,470</b>	<b>(231,684)</b>	<b>3,501,361</b>	<b>2,500,330</b>	<b>5,413,831</b>	<b>2,268,646</b>	138.6	<b>(847,730)</b>	<b>170,393</b>	<b>(677,337)</b>	434.9
<b>Beginning net position</b>	<b>27,055,257</b>	<b>27,286,941</b>	<b>9,617,474</b>	<b>7,117,144</b>	<b>36,672,731</b>	<b>34,404,085</b>	6.6	<b>28,134,671</b>	<b>6,946,751</b>	<b>35,081,422</b>	(1.9)
<b>Ending net position</b>	<b>\$28,967,727</b>	<b>\$27,055,257</b>	<b>\$13,118,835</b>	<b>\$9,617,474</b>	<b>\$42,086,562</b>	<b>\$36,672,731</b>	14.8	<b>\$27,286,941</b>	<b>\$7,117,144</b>	<b>\$34,404,085</b>	6.6

Governmental activities charges for services increased by \$371 thousand for 2020 and \$501 thousand in 2019 primarily due to an increase of \$382 thousand and \$491 thousand, respectively, in nuisance abatement fines for weed abatement and debris removal. Governmental general revenues increased by \$26 thousand and by \$302 thousand for 2020 and 2019, respectively, primarily due to an increase in investment income of \$38 thousand and \$295 thousand for 2020 and 2019, respectively.

Business-type activities charges for services increased by \$4.15 million and \$2.50 million for 2020 and 2019, respectively, related to increases in risk management premium revenues for life, dental, and health insurance. Operating grants and contributions decreased by \$47 thousand and \$119 thousand in 2020 and 2019, respectively, related to payments from the City for capital funding.

Governmental activities program expenses increased by \$28 thousand for 2020 and increased by \$771 thousand for 2019. General government expenses decreased by \$345 thousand in 2020 due to a decrease of \$322 thousand in Radio Maintenance. General government expenses increased by \$917 thousand in 2019 primarily due to a \$1.00 million increase in transfers to the City Special Purpose Fund for park improvements. Public safety expenses decreased by \$7 thousand in 2020 and remained constant in 2019. Public services increased by \$384 thousand in 2020 primarily related to a increase of \$301 thousand in mowing contracts. Public services decreased by \$143 thousand in 2019 primarily related to a decrease of \$111 thousand in abandoned housing fees.

Business-type activities program expenses for Risk Management increased by \$3.23 million for 2020 primarily related to increases in life, dental, and health insurance premiums and decreased by \$217 thousand for 2019. Program expenses for information technology decreased by \$18 thousand in 2020. Program expenses for information technology increased by \$488 thousand in 2019 due to a \$249 thousand increase in cost reimbursement and a \$225 thousand increase in Microsoft licensing.

### ***Governmental Fund***

As discussed, the Authority governmental fund is reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. The Authority governmental fund reported an ending fund balance of \$18,755,921 for 2020, of which \$2,042,677 is unassigned. This compares to \$16,596,080 for 2019, of which \$2,507,590 is unassigned.

The total ending fund balance of the governmental fund for 2020 reflects an increase of \$2,159,841 from the ending balance for 2019. This increase is primarily the result of the events and programs described within the analysis of the Authority's governmental activities.

### ***Capital Assets***

The Authority's investment in capital assets, net of accumulated depreciation, is \$16,021,822 and \$17,115,053 for 2020 and 2019, respectively.

**Capital Assets, Net of Accumulated Depreciation**

	Governmental		Business-type		Total		Total % Change	Governmental	Business-type	Total	2019 - 2018 % Change
	Activities		Activities		2020	2019		Activities	Activities		
	2020	2019	2018	2018							
<b>Non-Depreciable Assets</b>											
Land	5,426,913	5,426,913	-	-	5,426,913	5,426,913	0.0	5,426,913	-	5,426,913	0.0
<b>Total</b>											
<b>non-depreciable</b>											
<b>assets</b>	<u>5,426,913</u>	<u>5,426,913</u>	<u>-</u>	<u>-</u>	<u>5,426,913</u>	<u>5,426,913</u>	0.0	<u>5,426,913</u>	<u>-</u>	<u>5,426,913</u>	0.0
<b>Depreciable Assets</b>											
Improvements other than buildings	1,799,637	2,144,882	-	-	1,799,637	2,144,882	(16.1)	2,630,018	-	2,630,018	(18.4)
Buildings	1,024,087	1,112,452	34,542	37,086	1,058,629	1,149,538	(7.9)	1,200,819	39,630	1,240,449	(7.3)
Furniture, machinery, and equipment	<u>325,583</u>	<u>425,285</u>	<u>7,411,060</u>	<u>7,968,435</u>	<u>7,736,643</u>	<u>8,393,720</u>	(7.8)	<u>698,747</u>	<u>8,465,295</u>	<u>9,164,042</u>	(8.4)
<b>Total</b>											
<b>depreciable</b>											
<b>assets</b>	<u>3,149,307</u>	<u>3,682,619</u>	<u>7,445,602</u>	<u>8,005,521</u>	<u>10,594,909</u>	<u>11,688,140</u>	(9.4)	<u>4,529,584</u>	<u>8,504,925</u>	<u>13,034,509</u>	(10.3)
	<u>\$8,576,220</u>	<u>\$9,109,532</u>	<u>\$7,445,602</u>	<u>\$8,005,521</u>	<u>\$16,021,822</u>	<u>\$17,115,053</u>	(6.4)	<u>\$9,956,497</u>	<u>\$8,504,925</u>	<u>\$18,461,422</u>	(7.3)

The Authority's net capital assets for governmental activities as of June 30, 2020 and 2019 was \$8.58 million and \$9.11 million, respectively. The governmental activities decrease of \$533 thousand in 2020 is primarily due to normal depreciation. The governmental activities decrease of \$847 thousand in 2019 is primarily due to normal depreciation, offset by equipment purchases of \$23 thousand.

The Authority's net capital assets for business-type activities as of June 30, 2020 and 2019 was \$7.45 million and \$8.01 million, respectively. The business-type activities decrease of \$560 thousand in 2020 is primarily due to normal depreciation of \$1.07 million, offset by equipment purchases of \$510 thousand. The business-type activities decrease of \$499 thousand in 2019 is primarily due to normal depreciation of \$1.08 million, offset by equipment purchases of \$583 thousand.

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

**Long-term Debt**

**Notes Payable**

On March 30, 2017, the Authority entered into a master lease/purchase agreement to finance the replacement of the existing emergency communications system serving the City in the amount of \$13,114,809. The note bears interest at 2.57% and matures on October 1, 2031. See Note III. B. 1. for more information regarding notes payable.



	Outstanding Long-term Debt				
	Business-Type Activities				
	2020	2019	2020 - 2019	2018	2019 - 2018
	<u>2020</u>	<u>2019</u>	<u>% Change</u>	<u>2018</u>	<u>% Change</u>
Notes payable	<u>\$8,580,420</u>	<u>\$9,214,216</u>	(6.9%)	<u>\$9,832,031</u>	(6.3%)

Outstanding long-term debt decreased by \$634 thousand and \$618 thousand for 2020 and 2019, respectively, due to scheduled debt payments. See Note III. C. for more information regarding changes in long-term debt.

***Economic Factors***

During the current year, the COVID-19 pandemic negatively impacted the Authority's operations. The collapse in oil prices that occurred as a result in the reduction in global oil demand as a result of the pandemic has had a significant impact on the Oklahoma oil and gas industry. This reduction has caused a dramatic effect on the Oklahoma City economy

***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 safety, public services, culture and recreation, and the general revenues of the Authority.*
- \* ***Business-Type Activities*** – *Reports risk management and information technology activities.*

## ***Fund Financial Statements***

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

### **Governmental Fund Financial Statements**

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

### **Proprietary Fund Financial Statements**

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

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

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

**OKLAHOMA CITY MUNICIPAL**  
**FACILITIES AUTHORITY**

	2020			2019		
	Governmental		Business-type	Governmental		Business-type
	Activities	Activities	Total	Activities	Activities	Total
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Pooled cash-----	\$319,847	\$717,269	\$1,037,116	\$37,291	\$ -	\$37,291
Non-pooled cash-----	24,616	3,422,545	3,447,161	26,096	3,911,576	3,937,672
Investments-----	17,625,073	49,722,268	67,347,341	17,095,803	52,969,589	70,065,392
Accounts receivable, net-----	2,099,844	64,612	2,164,456	1,818,169	-	1,818,169
Interest, dividends and royalties receivable-	73,827	284,849	358,676	60,580	336,048	396,628
Due within the Authority-----	-	-	-	(103,355)	103,355	-
Receivable from the City of Oklahoma City	3,908,608	629,565	4,538,173	2,854,813	204,201	3,059,014
Receivable from component units-----	-	-	-	-	18,228	18,228
Intergovernmental receivables-----	-	63,222	63,222	-	63,222	63,222
Notes receivable-----	-	735,047	735,047	-	1,203,163	1,203,163
Prepays-----	154,285	491,173	645,458	101,134	631,160	732,294
Total current assets-----	<u>24,206,100</u>	<u>56,130,550</u>	<u>80,336,650</u>	<u>21,890,531</u>	<u>59,440,542</u>	<u>81,331,073</u>
<b>NON-CURRENT ASSETS</b>						
Notes receivable-----	-	1,982,339	1,982,339	-	1,908,346	1,908,346
Receivable from the City of Oklahoma City	702,140	1,658,667	2,360,807	167,475	2,174,175	2,341,650
Non-current prepaids-----	91,026	-	91,026	174,635	131,969	306,604
Capital assets:						
Land-----	5,426,913	-	5,426,913	5,426,913	-	5,426,913
Other capital assets, net of accumulated depreciation-----	3,149,307	7,445,602	10,594,909	3,682,619	8,005,521	11,688,140
Capital assets, net-----	<u>8,576,220</u>	<u>7,445,602</u>	<u>16,021,822</u>	<u>9,109,532</u>	<u>8,005,521</u>	<u>17,115,053</u>
Total non-current assets-----	<u>9,369,386</u>	<u>11,086,608</u>	<u>20,455,994</u>	<u>9,451,642</u>	<u>12,220,011</u>	<u>21,671,653</u>
<b>Total assets-----</b>	<b><u>33,575,486</u></b>	<b><u>67,217,158</u></b>	<b><u>100,792,644</u></b>	<b><u>31,342,173</u></b>	<b><u>71,660,553</u></b>	<b><u>103,002,726</u></b>
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable and accrued expenses----	605,723	2,162,058	2,767,781	658,155	1,494,284	2,152,439
Payable to the City of Oklahoma City-----	3,995,562	9,559,340	13,554,902	3,626,298	18,736,902	22,363,200
Payable to component units-----	-	22,632	22,632	-	22,632	22,632
Interest payable-----	-	55,129	55,129	-	59,201	59,201
Notes and estimated claims payable-----	-	9,671,760	9,671,760	-	9,476,534	9,476,534
Unearned revenue-----	6,474	-	6,474	2,463	-	2,463
Total current liabilities-----	<u>4,607,759</u>	<u>21,470,919</u>	<u>26,078,678</u>	<u>4,286,916</u>	<u>29,789,553</u>	<u>34,076,469</u>
<b>NON-CURRENT LIABILITIES</b>						
Payable to component units-----	-	231,975	231,975	-	254,607	254,607
Notes and estimated claims payable-----	-	30,989,232	30,989,232	-	30,147,421	30,147,421
Payable to the City of Oklahoma City-----	-	1,406,197	1,406,197	-	1,851,498	1,851,498
Total non-current liabilities-----	<u>-</u>	<u>32,627,404</u>	<u>32,627,404</u>	<u>-</u>	<u>32,253,526</u>	<u>32,253,526</u>
<b>Total liabilities-----</b>	<b><u>4,607,759</u></b>	<b><u>54,098,323</u></b>	<b><u>58,706,082</u></b>	<b><u>4,286,916</u></b>	<b><u>62,043,079</u></b>	<b><u>66,329,995</u></b>
<b>NET POSITION</b>						
Net investment in capital assets-----	8,576,220	2,033,120	10,609,340	9,109,532	2,425,642	11,535,174
Restricted for:						
Capital projects-----	1,932,576	-	1,932,576	1,601,229	-	1,601,229
Unrestricted-----	18,458,931	11,085,715	29,544,646	16,344,496	7,191,832	23,536,328
<b>Total net position-----</b>	<b><u>\$28,967,727</u></b>	<b><u>\$13,118,835</u></b>	<b><u>\$42,086,562</u></b>	<b><u>\$27,055,257</u></b>	<b><u>\$9,617,474</u></b>	<b><u>\$36,672,731</u></b>

See accompanying notes to financial statements.



**STATEMENT OF ACTIVITIES**  
**For the Years Ended June 30,**

**OKLAHOMA CITY MUNICIPAL**  
**FACILITIES AUTHORITY**

	2020			2019		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
<b><u>PROGRAM EXPENSES</u></b>						
General government-----	\$1,474,496	\$ -	\$1,474,496	\$1,819,179	\$ -	\$1,819,179
Public safety - Police-----	1,887	-	1,887	1,887	-	1,887
Public safety - Other-----	78,974	-	78,974	86,359	-	86,359
Public services-----	2,016,697	-	2,016,697	1,632,613	-	1,632,613
Culture and recreation-----	120,845	-	120,845	124,391	-	124,391
Risk management-----	-	58,126,972	58,126,972	-	54,894,784	54,894,784
Information technology-----	-	1,013,404	1,013,404	-	1,031,014	1,031,014
<b>Total expenses-----</b>	<b>3,692,899</b>	<b>59,140,376</b>	<b>62,833,275</b>	<b>3,664,429</b>	<b>55,925,798</b>	<b>59,590,227</b>
<b><u>PROGRAM REVENUES</u></b>						
<b><u>CHARGES FOR SERVICES</u></b>						
Public services-----	1,930,276	-	1,930,276	1,559,113	-	1,559,113
Risk management-----	-	61,613,960	61,613,960	-	57,461,761	57,461,761
<b>Total charges for services-----</b>	<b>1,930,276</b>	<b>61,613,960</b>	<b>63,544,236</b>	<b>1,559,113</b>	<b>57,461,761</b>	<b>59,020,874</b>
<b><u>OPERATING GRANTS AND CONTRIBUTIONS</u></b>						
General government-----	2,802,419	-	2,802,419	1,035,205	-	1,035,205
Public services-----	55,230	-	55,230	46,729	-	46,729
Risk management-----	-	20,510	20,510	-	83,072	83,072
Information technology-----	-	656,428	656,428	-	640,446	640,446
<b>Total operating grants and contributions--</b>	<b>2,857,649</b>	<b>676,938</b>	<b>3,534,587</b>	<b>1,081,934</b>	<b>723,518</b>	<b>1,805,452</b>
<b>Total program revenues-----</b>	<b>4,787,925</b>	<b>62,290,898</b>	<b>67,078,823</b>	<b>2,641,047</b>	<b>58,185,279</b>	<b>60,826,326</b>
<b>Net program revenues (expenses)-----</b>	<b>1,095,026</b>	<b>3,150,522</b>	<b>4,245,548</b>	<b>(1,023,382)</b>	<b>2,259,481</b>	<b>1,236,099</b>
Oil and gas royalties-----	236,689	-	236,689	381,782	-	381,782
Unrestricted investment income-----	432,431	350,839	783,270	394,674	240,849	635,523
Miscellaneous-----	148,324	-	148,324	15,242	-	15,242
<b>Total general revenues-----</b>	<b>817,444</b>	<b>350,839</b>	<b>1,168,283</b>	<b>791,698</b>	<b>240,849</b>	<b>1,032,547</b>
<b>Changes in net position-----</b>	<b>1,912,470</b>	<b>3,501,361</b>	<b>5,413,831</b>	<b>(231,684)</b>	<b>2,500,330</b>	<b>2,268,646</b>
<b><u>NET POSITION BEGINNING</u></b>						
Net position-beginning-----	27,055,257	9,617,474	36,672,731	27,286,941	7,117,144	34,404,085
<b>Net position-ending-----</b>	<b>\$28,967,727</b>	<b>\$13,118,835</b>	<b>\$42,086,562</b>	<b>\$27,055,257</b>	<b>\$9,617,474</b>	<b>\$36,672,731</b>

See accompanying notes to financial statements.

**BALANCE SHEET  
GOVERNMENTAL FUND  
June 30,**

**OKLAHOMA CITY MUNICIPAL  
FACILITIES AUTHORITY**

	<u>2020</u> <b>General Purpose Fund</b>	<u>2019</u> <b>General Purpose Fund</b>
<b><u>ASSETS</u></b>		
Pooled cash-----	\$319,847	\$37,291
Non-pooled cash-----	24,616	26,096
Investments-----	17,625,073	17,095,803
Accounts receivable, net-----	2,099,844	1,818,169
Interest, dividends, and royalties receivable-----	73,827	60,580
Due within the Authority-----	-	(103,355)
Receivable from the City of Oklahoma City-----	3,908,608	2,854,813
Prepays-----	245,311	275,769
Non-current receivable from the City of Oklahoma City-----	702,140	167,475
<b>Total assets-----</b>	<b><u>\$24,999,266</u></b>	<b><u>\$22,232,641</u></b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>		
<b><u>LIABILITIES</u></b>		
Accounts payable and accrued expenses-----	605,723	658,155
Payable to the City of Oklahoma City-----	3,995,562	3,626,298
Unearned revenue-----	6,474	2,463
<b>Total liabilities-----</b>	<b><u>4,607,759</u></b>	<b><u>4,286,916</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b> -----	<b><u>1,635,586</u></b>	<b><u>1,349,645</u></b>
<b><u>FUND BALANCES</u></b>		
Non-spendable-----	245,311	275,769
Restricted-----	1,929,333	1,598,940
Assigned-----	14,538,600	12,213,781
Unassigned-----	2,042,677	2,507,590
<b>Total fund balance-----</b>	<b><u>18,755,921</u></b>	<b><u>16,596,080</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balances-----</b>	<b><u>\$24,999,266</u></b>	<b><u>\$22,232,641</u></b>
<b><u>RECONCILIATION OF THE BALANCE SHEET, GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION, GOVERNMENTAL ACTIVITIES</u></b>		
Total fund balance-----	\$18,755,921	\$16,596,080
Capital assets, net of accumulated depreciation-----	8,576,220	9,109,532
Revenue earned but unavailable-----	1,635,586	1,349,645
<b>Net position-governmental activities-----</b>	<b><u>\$28,967,727</u></b>	<b><u>\$27,055,257</u></b>

See accompanying notes to financial statements.

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

**OKLAHOMA CITY MUNICIPAL  
FACILITIES AUTHORITY**

	<u>2020</u>	<u>2019</u>
	<b>General Purpose Fund</b>	<b>General Purpose Fund</b>
<b><u>REVENUES</u></b>		
Licenses and permits-----	\$99,402	\$106,631
Oil and gas royalties-----	239,958	385,810
Fines and forfeitures-----	1,488,060	1,268,128
Investment income-----	482,180	439,694
Rental income-----	8,914	4,893
Payments from the City of Oklahoma City-----	2,802,419	1,035,205
Other-----	198,493	25,477
<b>Total revenues-----</b>	<b><u>5,319,426</u></b>	<b><u>3,265,838</u></b>
<b><u>EXPENDITURES</u></b>		
<b><u>CURRENT</u></b>		
Payments to the City of Oklahoma City-----	1,243,000	1,238,535
General government-----	133,585	161,331
Public services-----	1,783,000	1,395,108
Capital outlay-----	-	22,500
<b>Total expenditures-----</b>	<b><u>3,159,585</u></b>	<b><u>2,817,474</u></b>
<b>Excess of revenues over expenditures-----</b>	<b>2,159,841</b>	<b>448,364</b>
<b>Net change in fund balances-----</b>	<b>2,159,841</b>	<b>448,364</b>
<b>Fund balance, beginning-----</b>	<b><u>16,596,080</u></b>	<b><u>16,147,716</u></b>
<b>Fund balances, ending-----</b>	<b><u>\$18,755,921</u></b>	<b><u>\$16,596,080</u></b>
<b><u>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES, GOVERNMENTAL ACTIVITIES</u></b>		
Net change in fund balance-----	\$2,159,841	\$448,364
Recognition of earned but unavailable revenue-----	285,941	166,917
Depreciation expense-----	(533,312)	(869,465)
Capital outlay-----	-	22,500
<b>Change in net assets-governmental activities-----</b>	<b><u>\$1,912,470</u></b>	<b><u>(\$231,684)</u></b>

See accompanying notes to financial statements.

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

**OKLAHOMA CITY MUNICIPAL  
 FACILITIES AUTHORITY**

	<u>2020</u> <u>OCMFA</u> <u>Services</u>	<u>2019</u> <u>OCMFA</u> <u>Services</u>
<b><u>ASSETS</u></b>		
<b><u>CURRENT ASSETS</u></b>		
Pooled cash-----	\$717,269	\$ -
Non-pooled cash-----	3,422,545	3,911,576
Investments-----	49,722,268	52,969,589
Accounts receivable, net-----	64,612	-
Interest, dividends, and royalties receivable-----	284,849	336,048
Due within the Authority-----	-	103,355
Receivable from the City of Oklahoma City-----	629,565	204,201
Receivable from component units-----	-	18,228
Intergovernmental receivables-----	63,222	63,222
Notes receivable-----	735,047	1,203,163
Prepays-----	491,173	631,160
Total current assets-----	<u>56,130,550</u>	<u>59,440,542</u>
<b><u>NON-CURRENT ASSETS</u></b>		
Notes receivable-----	1,982,339	1,908,346
Receivable from the City of Oklahoma City-----	1,658,667	2,174,175
Non-current prepaids-----	-	131,969
Capital assets:		
Other capital assets, net of accumulated depreciation-----	7,445,602	8,005,521
Capital assets, net-----	<u>7,445,602</u>	<u>8,005,521</u>
Total non-current assets-----	<u>11,086,608</u>	<u>12,220,011</u>
<b>Total assets-----</b>	<b><u>67,217,158</u></b>	<b><u>71,660,553</u></b>
<b><u>LIABILITIES</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable and accrued expenses-----	2,162,058	1,494,284
Payable to the City of Oklahoma City-----	9,559,340	18,736,902
Payable to component units-----	22,632	22,632
Interest payable-----	55,129	59,201
Notes and estimated claims payable-----	9,671,760	9,476,534
Total current liabilities-----	<u>21,470,919</u>	<u>29,789,553</u>
<b><u>NON-CURRENT LIABILITIES</u></b>		
Payable to component units-----	231,975	254,607
Notes and estimated claims payable-----	30,989,232	30,147,421
Payable to the City of Oklahoma City-----	1,406,197	1,851,498
Total non-current liabilities-----	<u>32,627,404</u>	<u>32,253,526</u>
<b>Total liabilities-----</b>	<b><u>54,098,323</u></b>	<b><u>62,043,079</u></b>
<b><u>NET POSITION</u></b>		
Net investment in capital assets-----	2,033,120	2,425,642
Unrestricted-----	11,085,715	7,191,832
<b>Total net position-----</b>	<b><u>\$13,118,835</u></b>	<b><u>\$9,617,474</u></b>

See accompanying notes to financial statements.

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

**OKLAHOMA CITY MUNICIPAL  
FACILITIES AUTHORITY**

	<u>2020</u> <u>OCMFA</u> <u>Services</u>	<u>2019</u> <u>OCMFA</u> <u>Services</u>
<b><u>OPERATING REVENUES</u></b>		
Service charges-----	\$60,285,180	\$57,307,374
Licenses, permits, and fees-----	46,969	46,151
Other-----	1,281,811	108,236
<b>Total operating revenues-----</b>	<b><u>61,613,960</u></b>	<b><u>57,461,761</u></b>
<b><u>OPERATING EXPENSES</u></b>		
Maintenance, operations, and contractual services-----	58,063,469	54,835,324
Materials and supplies-----	7,447	7,851
Depreciation-----	1,069,460	1,082,623
<b>Total operating expenses-----</b>	<b><u>59,140,376</u></b>	<b><u>55,925,798</u></b>
<b>Operating income-----</b>	<b><u>2,473,584</u></b>	<b><u>1,535,963</u></b>
<b><u>NON-OPERATING REVENUE</u></b>		
Investment income-----	350,839	240,849
Payments from the City of Oklahoma City-----	676,938	723,518
<b>Non-operating revenue-----</b>	<b><u>1,027,777</u></b>	<b><u>964,367</u></b>
<b>Change in net position-----</b>	<b><u>3,501,361</u></b>	<b><u>2,500,330</u></b>
Total net position, beginning-----	9,617,474	7,117,144
<b>Total net position, ending-----</b>	<b><u><u>\$13,118,835</u></u></b>	<b><u><u>\$9,617,474</u></u></b>

See accompanying notes to financial statements.

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

**OKLAHOMA CITY MUNICIPAL  
 FACILITIES AUTHORITY**

	<u>2020</u> <u>OCMFA</u> <u>Services</u>	<u>2019</u> <u>OCMFA</u> <u>Services</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash received from customers-----	\$61,533,049	\$57,461,762
Cash payments to suppliers for goods and services-----	(74,176,276)	(67,522,975)
Cash payments for internal services-----	(19,862)	(13,710)
Cost reimbursements from (to) other funds-----	8,722,923	16,451,139
Other cash receipts-----	-	7,703
<b>Net cash provided (used) by operating activities-----</b>	<b><u>(3,940,166)</u></b>	<b><u>6,383,919</u></b>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>		
Transfers paid to other funds-----	581,815	-
<b>Net cash provided by non-capital financing activities-----</b>	<b><u>581,815</u></b>	<b><u>-</u></b>
<b><u>CASH FLOWS FROM CAPITAL AND CAPITAL    RELATED FINANCING ACTIVITIES</u></b>		
Payments for acquisition and construction of capital assets-----	(509,541)	(2,875,923)
Principal paid on long-term debt-----	(633,795)	(617,815)
Interest paid on long-term debt-----	(232,759)	(248,739)
Capital and capital related payments from City of Oklahoma City-----	-	934,795
Proceeds from sale of assets-----	12,196	10,125
<b>Net cash used by capital and    capital related financing activities-----</b>	<b><u>(1,363,899)</u></b>	<b><u>(2,797,557)</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Changes in pooled investments-----	3,895,100	(8,448,909)
Investment income received-----	1,035,779	907,176
Purchased interest-----	19,609	(9,216)
Receipts from oil and gas royalties-----	-	(130)
<b>Net cash provided (used) by investing activities-----</b>	<b><u>4,950,488</u></b>	<b><u>(7,551,079)</u></b>
<b>Net increase (decrease) in cash-----</b>	<b><u>228,238</u></b>	<b><u>(3,964,717)</u></b>
Cash, beginning-----	3,911,576	7,876,293
<b>Cash, ending-----</b>	<b><u>\$4,139,814</u></b>	<b><u>\$3,911,576</u></b>

See accompanying notes to financial statements.



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

**OKLAHOMA CITY MUNICIPAL  
 FACILITIES AUTHORITY**

	<u>2020</u> <u>OCMFA</u> <u>Services</u>	<u>2019</u> <u>OCMFA</u> <u>Services</u>
<b><u>RECONCILIATION OF OPERATING INCOME TO NET CASH</u></b>		
<b><u>PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>		
Operating income-----	\$2,473,584	\$1,535,963
<b><u>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET</u></b>		
<b><u>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>		
Depreciation-----	1,069,460	1,082,623
Other revenue (expense)-----	(1,063,772)	(1,065,785)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable-----	(64,612)	-
(Increase) decrease in receivable from the City of Oklahoma City-----	(4,417,311)	581,367
(Increase) decrease in receivable from component units-----	18,228	(12,150)
(Increase) decrease in prepaid assets-----	271,957	222,261
Increase (decrease) in accounts payable and accrued expenses-----	667,774	422,132
Increase (decrease) in payable to the City of Oklahoma City-----	(4,543,675)	5,588,167
Increase (decrease) in payable to component unit-----	(22,632)	(275,430)
Increase (decrease) in long-term liabilities-----	42,707	31,888
Increase (decrease) in notes, lease, and estimated claims payable-----	1,628,126	(1,727,117)
Total adjustments-----	<u>(6,413,750)</u>	<u>4,847,956</u>
<b>Net cash provided (used) by operating activities-----</b>	<b><u>(3,940,166)</u></b>	<b><u>6,383,919</u></b>
<b><u>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u></b>		
Net increase (decrease) in fair value of investments-----	\$647,777	\$532,688
<b>Total non-cash investing, capital, and financing activities-----</b>	<b><u>\$647,777</u></b>	<b><u>\$532,688</u></b>

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# **Notes to Financial Statements**



## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### I. A. INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the Oklahoma City Municipal Facilities Authority (Authority) financial activities for the fiscal years ended June 30, 2020 and 2019.

### 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 municipal debt, public trusts are created 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 created to provide financing services are blended into the City's primary government while retaining separate legal identity.

The Authority was formed as a public trust pursuant to Title 60 of the Oklahoma Statutes, section 176, et. seq., on November 10, 1976, with the City as the beneficiary. The purpose of the Authority is to provide a means of financing and constructing various utility and service projects, to maintain and administer any leasehold rights in physical properties transferred to the City, and additional purposes authorized by the City Council and the Trustees of the Authority.

Generally, the Authority serves as an administrative conduit for the City. The City is statutorily limited in the type and duration of agreements into which it may enter. Therefore, the Authority is used as a vehicle to accomplish certain long-range objectives that the City might otherwise be unable to accomplish. In addition, the City transfers monies from other funds of the City to the Authority since these amounts cannot be expended by the City without formal appropriations, which lapse at the end of each fiscal year. Monies transferred in this way are limited to specific purposes authorized by the City Council when transfers are appropriated.

The Mayor and the members of the City Council serve as the Trustees of 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 since the Authority's governing body is identical to the City's elected governing board (City Council). In addition, the Authority is managed under the direction of the City Manager.

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

#### ***Authority Administration***

The Authority has no employees. All activities of the Authority are performed by City employees.

***Related Organizations***

The Authority provides reimbursements for insurable costs to the Oklahoma City Zoological Trust (OCZT), the Oklahoma City Airports Trust (OCAT), and the Central Oklahoma Transportation and Parking Authority (COTPA). OCZT, OCAT, and COTPA are component units of the City and are reported in the City's CAFR.

**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 report fees and other charges to users of the Authority's services and operating grants and contributions related to specific functions. Other revenue sources not included with program revenues are reported as general revenues.

***Fund Financial Statements***

Fund financial statements are provided for governmental and 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. 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 liability is incurred.

### ***Governmental Fund***

Governmental funds use the current financial resources measurement focus. Only current assets and current liabilities are included on the balance sheet. The operating statement presents sources and uses of available, spendable resources during a given period.

### **General Purpose Fund**

The general purpose fund is used by the Authority to account for specific revenues, including the collection of fines and fees which are designated to finance general government functions or activities of the Authority such as legal fees, public works, parks, police, property management, and City-wide improvements.

### ***Proprietary Fund***

Proprietary funds account for financial activity using 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 Fund**

#### **OCMFA Services Fund**

The OCMFA Services Fund manages property and worker's compensation insurance contracts for costs of the City Risk Management Fund and information technology contracts for the City Information Technology Fund. The City funds reimburse the Authority for these costs. The costs are reported as expenses of the City. The OCMFA Services Fund also manages and reports health care and unemployment costs. These costs are funded through chargebacks to City funds. These costs are the responsibility of the Authority and are reported as expenses of the Authority.

## **I. C. BUDGET LAW AND PRACTICE**

Oklahoma Statutes require the submission of financial information for public trusts. However, legal budgetary control levels are not specified. Accordingly, the Authority's budget is submitted to its governing body for approval. Appropriations are recorded and available for encumbrance or expense/expenditure as revenue is received in cash. Budgetary control is exercised on a project-length basis. Therefore, appropriations are carried forward each year until projects are complete. Management's policy prohibits expenses/expenditures to exceed appropriations at the detail, line-item level. Management may transfer appropriations without governing body approval.

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

### **I. D. 1. IMPLEMENTATION OF NEW ACCOUNTING STANDARDS**

In May of 2020, the Governmental Accounting Standards Board (GASB) issued statement number 95, Postponement of the Effective Dates of Certain Authoritative Guidance, effective immediately to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. Certain Statements that first became effective after June 15, 2018 and later have been postponed by one year up to 18 months depending upon the pronouncement. The Authority has elected to postpone implementation of GASB statement number 84 Fiduciary Activities and GASB statement number 90 Majority Equity Interests to fiscal year 2021.

### **I. D. 2. CASH AND INVESTMENTS**

The Authority participates in the investment policy approved by the City Council. The Authority's governing board formally adopted the City's updated deposit and investment policy in November 2017.

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 functionally separate activities.

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

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

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

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

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

Level 3 - Significant unobservable prices or inputs.

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

### **I. D. 3. ACCOUNTS RECEIVABLE**

Significant receivables include receivables for property damage recoveries and nuisance abatement fees. Receivables related to insurance recoveries are recorded when the amount is considered realized or realizable. These receivables are expected to be fully collected and therefore no allowance for doubtful accounts has been recorded. Receivables for nuisance abatement are recorded when the services are provided. These receivables are reported net of an allowance for uncollectible accounts. The allowance is estimated using average historical collections.

### **I. D. 4. PREPAIDS**

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



**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 interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund 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. CAPITAL ASSETS AND DEPRECIATION**

Property and equipment are stated at actual or estimated historical cost. Donated capital assets are stated at their fair market value on the date donated. The Authority generally capitalizes assets with cost of \$50,000 or more as purchases and construction outlays occur. 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 with the resulting gain or loss 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 capitalizes interest as a component of capital assets constructed for its own use.

**I. D. 7. DEFERRED INFLOWS OF RESOURCES**

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

**I. D. 8. FUND EQUITY**

***Fund Balance***

**Non-Spendable Fund Balance**

Fund balance reported as non-spendable includes amounts that cannot be spent since 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.

**Fund Balance Usage**

The Authority uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this, such as a grant agreement 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 includes purpose restrictions from enabling legislation and other external sources.

**I. D. 9. USE OF ESTIMATES**

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

**I. D. 10. RISK MANAGEMENT AND ESTIMATED CLAIMS PAYABLE**

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

The City funds and certain component units of the City pay a premium for insurance coverage and have no further costs or liabilities. Costs and liabilities for commercial insurance, stop-loss insurance, and claims paid are recorded in the City Risk Management Fund or the OCMFA Services Fund. Retiree health insurance claims and liabilities are reported in OCPEBT.

Estimated claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience. Claims liabilities include specific, incremental claim adjustment expenses, allocated loss adjustment expenses, and are reduced for estimated recoveries on unsettled claims such as salvage or subrogation.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended worldwide mitigation measures. The extent of COVID-19's effect on the Authority's/Trust's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the Authority's/Trust's operations. However, if the pandemic continues to evolve it is likely to have a negative impact on revenue from fees, fines and oil and gas royalties.

### ***Employee Life and Health***

Significant losses are covered by commercial insurance for all major programs except the self-insured group indemnity plan (Indemnity Plan), which is covered by stop-loss commercial insurance. The OCMFA Services Fund retains the risk of loss for uninsured employee health costs. The City and employees pay a portion of the established premiums to the OCMFA Services Fund. Insurance premiums and Indemnity Plan claims are paid from the OCMFA Services Fund. Health insurance claims incurred but not reported for the Indemnity Plan are calculated by a third-party using the one-day weighted average of annual claims over the weighted average days lag in claims reporting. The third-party also recommends the premium necessary to recover claim costs and maintain reserves. A copy of the third-party report can be obtained from Personnel, 420 W. Main, Suite 110, Oklahoma City, OK 73102.

### ***Worker's Compensation***

Worker's compensation programs are self-insured. The City Risk Management Fund provides worker's compensation coverage for the City and certain component units. Risk of loss is with the City Risk Management Fund. The City Risk Management Fund charges City funds and component units and reimburses the OCMFA Services Fund for expenses for claims. The OCMFA Services Fund manages claims. Worker's compensation claims incurred but not yet paid are calculated by a third-party using the chain-ladder and additive distribution methods. The OCMFA Services Fund records estimated claims payable at the discounted amount. The discount rate is 1.5% and 2.0% for 2020 and 2019, respectively. Claim costs are reported in the City Risk Management Fund. A copy of the third-party report can be obtained from Risk Management, 420 W. Main, Suite 110, Oklahoma City, OK 73102.

### ***Property and Liability***

Property and liability losses are covered by stop-loss commercial insurance. The City Risk Management Fund functions as the property and liability insurance fund for the City and certain component units. Risk of loss is with the City Risk Management Fund. The City Risk Management Fund charges City funds and component units and reimburses the OCMFA Services Fund for expenses for stop-loss property insurance and claims. The OCMFA Services Fund manages property claims and stop-loss insurance coverage. When an event occurs, the OCMFA Services Fund records a liability for the estimated loss incurred. Receivables for any insurance recovery are recorded when the claim is considered realized or realizable. Estimated claim costs and related insurance recovery revenues are recorded in the City Risk Management Fund.

### *Unemployment and Disability Insurance*

The OCMFA Services Fund retains the risk of loss for unemployment and disability claims for the City and certain component units. The OCMFA Services Fund receives chargebacks from the City and component units which are calculated to cover the cost of claims and maintain reserves. Claims are paid from the OCMFA Services Fund. Unemployment claims incurred but not reported are not expected to be significant. No estimate of claims payable is recorded.

## **I. E. MAJOR REVENUES**

Program revenues reported in governmental activities include charges for services such as impact fees and fines for weed abatement and trash and debris removal. The OCMFA Services Fund provides charges for services for healthcare to other City funds.

## **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 pays the proceeds to the Authority to cover any costs incurred. The Authority does not record the effect of holding the certificates of deposit.

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

At June 30, 2020 and 2019, the Authority's cash is collateralized with securities held by the pledging financial institution in the name of the Authority or the City, less Federal depository insurance.

#### *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, since the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

**OKLAHOMA CITY MUNICIPAL**  
**FACILITIES AUTHORITY**

<b>2020</b>								
	<u>Cost</u>	<u>Fair Value/ Carrying Amount</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Measured at NAV (1)</u>	<u>Average Credit Quality/ Ratings (2)</u>	<u>Weighted Average (months) (3)</u>
<b>POOLED INVESTMENTS</b>								
Fannie Mae	\$7,910,475	\$8,133,368	\$ -	\$8,133,368	\$ -	\$ -	AA/Aaa	13.80
Federal obligations	20,360,407	20,588,498	-	20,588,498	-	-	AA/Aaa	13.20
U.S. Treasury notes	26,092,627	26,614,244	-	26,614,244	-	-	AAA/Aaa	16.90
Money market (4)(5)	<u>12,011,231</u>	<u>12,011,231</u>	<u>12,011,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	AAA/Aaa	1.33
	<b><u>\$66,374,740</u></b>	<b><u>\$67,347,341</u></b>	<b><u>\$12,011,231</u></b>	<b><u>\$55,336,110</u></b>	<b><u>\$-</u></b>	<b><u>\$-</u></b>		

<b>2019</b>								
	<u>Cost</u>	<u>Fair Value/ Carrying Amount</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Measured at NAV (1)</u>	<u>Average Credit Quality/ Ratings (2)</u>	<u>Weighted Average (months) (3)</u>
<b>POOLED INVESTMENTS</b>								
Fannie Mae	\$13,887,207	\$13,964,086	\$ -	\$13,964,086	\$ -	\$ -	AA/Aaa	16.93
Federal obligations	22,015,459	22,115,073	-	22,115,073	-	-	AA/Aaa	16.97
U.S. Treasury notes	17,842,245	17,962,658	-	17,962,658	-	-	AAA/Aaa	15.37
Money market (4)(5)	<u>16,023,575</u>	<u>16,023,575</u>	<u>16,023,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	AAA/Aaa	1.10
	<b><u>\$69,768,486</u></b>	<b><u>\$70,065,392</u></b>	<b><u>\$16,023,575</u></b>	<b><u>\$54,041,817</u></b>	<b><u>\$-</u></b>	<b><u>\$-</u></b>		

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

***Fair Value Measurement***

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

Federal obligations consist of Federal Agricultural Mortgage Corporation, Federal Farm Credit Bank, Federal Home Loan Bank, Freddie Mac, and Fannie Mae notes. These securities use pricing models that maximize the use of observable inputs for similar securities and are valued at level 2. U.S. Treasury notes use similar pricing models and are also valued at level 2.

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

**Investment policy**

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

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

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

Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. Cumulatively, portfolios of the Authority may not be invested in any given financial institution in excess of 5% of such institution's total assets. Additionally, no more than 5% of the total Authority portfolio may be placed with any single financial institution. U.S. government securities, SLGS, City judgments, repurchase agreements, and money market funds are excluded from these restrictions.

Portfolio Structure (1)

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

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

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

**Investments Held by Others**

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

**Restricted Deposits and Investments**

	<u>OCMFA Services Fund</u>	
	<u>2020</u>	<u>2019</u>
Radio system project account	<u>\$3,422,545</u>	<u>\$3,911,576</u>

**Compliance with State Restrictions**

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

**II. B. RECEIVABLES AND UNCOLLECTIBLE AMOUNTS**

*Accounts Receivable*

	<u>2020</u>	<u>2019</u>
<i>Governmental activities</i>		
Oil and gas royalties	\$30,559	\$62,065
Nuisance abatement	4,095,464	4,078,965
Less allowance for uncollectible accounts	<u>(2,026,179)</u>	<u>(2,322,861)</u>
	<b><u>\$2,099,844</u></b>	<b><u>\$1,818,169</u></b>
<i>Business-type activities</i>		
OPEBT reimbursement for employee health clinic costs	<b><u>\$64,612</u></b>	<b><u>\$-</u></b>

*Intergovernmental Receivable*

In May 2013, severe weather resulted in the declaration of a disaster for damage to City property. A Federal Emergency Management Agency grant was awarded to the City. In connection with this award, the OCMFA Services Fund reported receivable amount of \$63,222 at both June 30, 2020 and 2019, respectively, from the Oklahoma Emergency Management Agency to supplement matching fund requirements.

*Notes Receivable*

On August 1, 2017, a loan of \$3,706,000 from the Authority's worker's compensation reserves to the OCPPA General Purpose fund to be used to replace the Civic Center sound system was approved. On June 19, 2018 the City and OCPPA entered into a management agreement with the Civic Center Foundation (Foundation). Under the Agreement, the Foundation agrees to assume the debt incurred by OCPPA and agrees to make annual debt service payments according to the term of the loan as provided in the loan documents. The loan will be repaid with six annual payments at an interest rate of 2.64% beginning July 1, 2018 with final payment to be made on June 1, 2023. The principal due at June 30, 2020 and 2019 is \$2,717,386 and \$3,111,509 of which \$735,047 and \$1,203,163 is reported as a current receivable including accrued interest of \$76,942 and \$148,793, respectively.

**II. C. PREPAIDS**

	<u>2020</u>	<u>2019</u>
<i>Governmental activities</i>		
Software license and support agreements	\$245,311	\$274,169
Insurance	<u>-</u>	<u>1,600</u>
	<b><u>\$245,311</u></b>	<b><u>\$275,769</u></b>
<i>Business-type activities</i>		
Prepaid insurance	\$464,889	\$740,049
Prepaid software license and support agreements	<u>26,284</u>	<u>23,080</u>
	<b><u>\$491,173</u></b>	<b><u>\$763,129</u></b>



II. D. CAPITAL ASSETS

*Changes in Capital Assets*

	<b>2020</b>					
	Capital Assets, not depreciated	Capital Assets, depreciated				Total Capital Assets, net
	<u>Land</u>	Improvements Other Than <u>Buildings</u>	<u>Buildings</u>	Furniture, Machinery, & <u>Equipment</u>	<u>Total</u>	
<i>Governmental Activities</i>						
<u>CAPITAL ASSETS</u>						
Balance, June 30, 2019	\$5,426,913	\$15,031,969	\$7,146,219	\$10,675,911	\$32,854,099	\$38,281,012
Balance, June 30, 2020	<u>5,426,913</u>	<u>15,031,969</u>	<u>7,146,219</u>	<u>10,675,911</u>	<u>32,854,099</u>	<u>38,281,012</u>
<u>ACCUMULATED DEPRECIATION</u>						
Balance, June 30, 2019		12,887,087	6,033,767	10,250,626	29,171,480	29,171,480
Increases		<u>345,245</u>	<u>88,365</u>	<u>99,702</u>	<u>533,312</u>	<u>533,312</u>
Balance, June 30, 2020		<u>13,232,332</u>	<u>6,122,132</u>	<u>10,350,328</u>	<u>29,704,792</u>	<u>29,704,792</u>
<b>Governmental activities</b> <b>capital assets, net</b>	<b><u>5,426,913</u></b>	<b><u>1,799,637</u></b>	<b><u>1,024,087</u></b>	<b><u>325,583</u></b>	<b><u>3,149,307</u></b>	<b><u>8,576,220</u></b>
<i>Business-type Activities</i>						
<u>CAPITAL ASSETS</u>						
Balance, June 30, 2019	-	-	218,700	32,559,572	\$32,778,272	\$32,778,272
Increases	<u>-</u>	<u>-</u>	<u>-</u>	<u>509,541</u>	<u>509,541</u>	<u>509,541</u>
Balance, June 30, 2020	<u>-</u>	<u>-</u>	<u>218,700</u>	<u>33,069,113</u>	<u>33,287,813</u>	<u>33,287,813</u>
<u>ACCUMULATED DEPRECIATION</u>						
Balance, June 30, 2019		-	181,614	24,591,137	24,772,751	24,772,751
Increases		<u>-</u>	<u>2,544</u>	<u>1,066,916</u>	<u>1,069,460</u>	<u>1,069,460</u>
Balance, June 30, 2020		<u>-</u>	<u>184,158</u>	<u>25,658,053</u>	<u>25,842,211</u>	<u>25,842,211</u>
<b>Business-type activities</b> <b>capital assets, net</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>34,542</u></b>	<b><u>7,411,060</u></b>	<b><u>7,445,602</u></b>	<b><u>7,445,602</u></b>
<b>Capital assets, net</b>	<b><u>\$5,426,913</u></b>	<b><u>\$1,799,637</u></b>	<b><u>\$1,058,629</u></b>	<b><u>\$7,736,643</u></b>	<b><u>\$10,594,909</u></b>	<b><u>\$16,021,822</u></b>

(continued)

NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

OKLAHOMA CITY MUNICIPAL  
FACILITIES AUTHORITY

*Changes in Capital Assets (continued)*

	2019					
	Capital Assets, not depreciated	Capital Assets, depreciated				Total Capital Assets, net
	Land	Improvements Other Than Buildings	Buildings	Furniture, Machinery, & Equipment	Total	
<i>Governmental Activities</i>						
<u>CAPITAL ASSETS</u>						
Balance, June 30, 2018	\$5,426,913	\$15,031,969	\$7,146,219	\$11,375,925	\$33,554,113	\$38,981,026
Increases	-	-	-	22,500	22,500	22,500
Decreases	-	-	-	(722,514)	(722,514)	(722,514)
Balance, June 30, 2019	<u>5,426,913</u>	<u>15,031,969</u>	<u>7,146,219</u>	<u>10,675,911</u>	<u>32,854,099</u>	<u>38,281,012</u>
<u>ACCUMULATED DEPRECIATION</u>						
Balance, June 30, 2018		\$12,401,951	\$5,945,400	\$10,677,178	\$29,024,529	\$29,024,529
Increases		359,566	88,367	421,532	869,465	869,465
Decreases		-	-	(722,514)	(722,514)	(722,514)
Transfers		<u>125,570</u>	-	<u>(125,570)</u>	-	-
Balance, June 30, 2019		<u>12,887,087</u>	<u>6,033,767</u>	<u>10,250,626</u>	<u>29,171,480</u>	<u>29,171,480</u>
<b>Governmental activities capital assets, net</b>	<b><u>5,426,913</u></b>	<b><u>2,144,882</u></b>	<b><u>1,112,452</u></b>	<b><u>425,285</u></b>	<b><u>3,682,619</u></b>	<b><u>9,109,532</u></b>
<i>Business-type Activities</i>						
<u>CAPITAL ASSETS</u>						
Balance, June 30, 2018	-	-	218,700	32,280,122	32,498,822	32,498,822
Increases	-	-	-	583,219	583,219	583,219
Decreases	-	-	-	(303,769)	(303,769)	(303,769)
Balance, June 30, 2019	-	-	<u>218,700</u>	<u>32,559,572</u>	<u>32,778,272</u>	<u>32,778,272</u>
<u>ACCUMULATED DEPRECIATION</u>						
Balance, June 30, 2018		-	179,070	23,814,827	23,993,897	23,993,897
Increases		-	2,544	1,080,079	1,082,623	1,082,623
Decreases		-	-	(303,769)	(303,769)	(303,769)
Balance, June 30, 2019		-	<u>181,614</u>	<u>24,591,137</u>	<u>24,772,751</u>	<u>24,772,751</u>
<b>Business-type activities capital assets, net</b>	<b>-</b>	<b>-</b>	<b><u>37,086</u></b>	<b><u>7,968,435</u></b>	<b><u>8,005,521</u></b>	<b><u>8,005,521</u></b>
<b>Capital assets, net</b>	<b><u>\$5,426,913</u></b>	<b><u>\$2,144,882</u></b>	<b><u>\$1,149,538</u></b>	<b><u>\$8,393,720</u></b>	<b><u>\$11,688,140</u></b>	<b><u>\$17,115,053</u></b>

*Depreciation Expense*

	<i>Governmental Activities</i>		<i>Business-type Activities</i>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
General government	\$97,908	\$419,324	Risk Management	\$56,056
Police public safety	1,887	1,887	Information Technology	\$51,609
Public safety other	78,974	86,359		<u>1,013,404</u>
Public services	233,698	237,504		<u>1,031,014</u>
Culture and recreation	<u>120,845</u>	<u>124,391</u>		<u>\$1,069,460</u>
	<b><u>\$533,312</u></b>	<b><u>\$869,465</u></b>		<b><u>\$1,082,623</u></b>

**III. LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**

**III. A. UNEARNED REVENUES**

Within governmental activities, the Authority has unearned revenue of \$6,474 and \$2,463 at June 30, 2020 and 2019, respectively. The unearned revenue recorded is for prepaid facilities rental by the Arts Council of Oklahoma City.

**III. B. NOTES AND ESTIMATED CLAIMS PAYABLE**

**III. B. 1. NOTES PAYABLE**

*P25 Radio System Note Payable*

On March 30, 2017, the Authority entered into a master lease/purchase agreement with Banc of America Public Capital Corporation to finance a new P25 Phase II trunked radio system to replace the existing emergency communications system serving the City in the amount of \$13,114,809 with an initial payment on June 30, 2017 of \$2,614,672 in principal and \$84,263 in interest. The note bears interest at 2.57% and matures on October 1, 2031. As of June 30, 2020, the balance of the note is \$8,580,420 with accrued interest of \$55,129. At June 30, 2019, the balance of the note was \$9,214,216 with accrued interest of \$59,201.

**Notes Payable Requirements to Maturity (1)**

	<u>Principal</u>	<u>Interest</u>
2021	\$650,188	\$216,366
2022	667,006	199,549
2023	684,258	182,297
2024	701,956	164,598
2025	720,112	146,442
2026-2030	3,889,773	442,999
2031-2032	<u>1,267,127</u>	<u>32,704</u>
	<b><u>\$8,580,420</u></b>	<b><u>\$1,384,955</u></b>

(1) All notes payable are from private placements. In the event of default, all payments payable to the end of the agreement become immediately due.

**III. B. 2. ESTIMATED CLAIMS PAYABLE**

*Risk Management Claims Payable*

For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**Unpaid Claims Liabilities**

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses.

	OCMFA Services Fund			
	Health Care	Worker's Compensation (1)(2)	Property Damage (2)	Total
Liability balance, July 1, 2018	\$1,412,553	\$30,551,000	\$141,416	\$32,104,969
Claims and changes in estimates	13,268,761	3,274,405	106,576	16,649,742
Claims payments	<u>(13,476,879)</u>	<u>(4,793,405)</u>	<u>(74,688)</u>	<u>(18,344,972)</u>
Liability balance, June 30, 2019	1,204,435	29,032,000	173,304	30,409,739
Claims and changes in estimates	13,217,223	8,559,020	134,479	21,910,722
Claims payments	<u>(13,206,097)</u>	<u>(6,942,020)</u>	<u>(91,772)</u>	<u>(20,239,889)</u>
<b>Liability balance, June 30, 2020</b>	<b><u>\$1,215,561</u></b>	<b><u>\$30,649,000</u></b>	<b><u>\$216,011</u></b>	<b><u>\$32,080,572</u></b>
<b>Assets available to pay claims at year end</b>	<b><u>\$12,301,276</u></b>	<b><u>\$30,141,732</u></b>	<b><u>\$216,011</u></b>	<b><u>\$42,659,019</u></b>

- (1) Worker's compensation estimated claims are calculated using the chain-ladder and additive distribution methods. The City records worker's compensation claims payable at the discounted amount. The undiscounted carrying value at June 30, 2020 and 2019, was \$32,947,000 and \$32,149,000, respectively. Claims were discounted at 1.5% and 2% at June 30, 2020 and 2019, respectively.
- (2) Assets available to pay claims does not include cost reimbursement receivable from/payable to the City Risk Management Fund as these advances result in a deficit net position in the City Risk Management Fund and therefore are not available to pay the claims.

The Authority records an estimated liability for indemnity health care, workers' compensation, and property damage claims against the City and certain component units. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims, which have been incurred but not reported, based on historical experience. Claims liabilities include specific incremental claim adjustment expenses, allocated loss adjustment expenses, and are reduced for estimated recoveries on unsettled claims such as salvage or subrogation.

The OCMFA Services Fund is used to accumulate a reserve to pay claims. From time to time, the worker's compensation reserve is used to provide operating and capital advances to other City funds. These advances accrue interest.

***Property and Liability Claims***

The OCMFA Services Fund Property and liability incurred costs relating to property damage during fiscal years 2020 and 2019. The costs are reimbursed by the City Risk Management Fund. The claims for 2020 are primarily related to small claims at various City properties. The claims for 2019 are primarily related to claims from the storms on April 29, 2017 and small claims at various City properties.

***Estimated Claims Payment Requirements to Maturity***

Fiscal Year	<u>2020</u>	Fiscal Year	<u>2019</u>
2021	\$9,021,572	2020	\$8,842,739
2022	<u>23,059,000</u>	2021	<u>21,567,000</u>
	<b><u>\$32,080,572</u></b>		<b><u>\$30,409,739</u></b>

III. C. CHANGES IN LONG-TERM LIABILITIES

	2020					
	Balance	Incurred	Paid	Balance	Due Within One Year	Due After One Year
	July 1, 2019			June 30, 2020		
Notes payable -						
OCMFA Services Fund						
Risk Management (1)	\$9,214,216	\$ -	\$633,796	\$8,580,420	\$650,188	\$7,930,232
Estimated claims payable -						
OCMFA Services Fund						
Risk Management	<u>30,409,739</u>	<u>21,910,722</u>	<u>20,239,889</u>	<u>32,080,572</u>	<u>9,021,572</u>	<u>23,059,000</u>
	<b><u>\$39,623,955</u></b>	<b><u>\$21,910,722</u></b>	<b><u>\$20,873,685</u></b>	<b><u>\$40,660,992</u></b>	<b><u>\$9,671,760</u></b>	<b><u>\$30,989,232</u></b>
	2019					
	Balance	Incurred	Paid	Balance	Due Within One Year	Due After One Year
	July 1, 2018			June 30, 2019		
Notes payable -						
OCMFA Services Fund						
Risk Management (1)	\$9,832,031	\$ -	\$617,815	\$9,214,216	\$633,795	\$8,580,421
Estimated claims payable -						
OCMFA Services Fund						
Risk Management	<u>32,104,969</u>	<u>16,649,742</u>	<u>18,344,972</u>	<u>30,409,739</u>	<u>8,842,739</u>	<u>21,567,000</u>
	<b><u>\$41,937,000</u></b>	<b><u>\$16,649,742</u></b>	<b><u>\$18,962,787</u></b>	<b><u>\$39,623,955</u></b>	<b><u>\$9,476,534</u></b>	<b><u>\$30,147,421</u></b>

(1) All notes payable are from private placements.

III. D. 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, 2020 and 2019, revenue earned but unavailable for governmental activities is \$1,635,586 and \$1,349,645, respectively.

IV. NET POSITION AND FUND BALANCE

IV. A. NET POSITION

*Net Investment in Capital Assets*

	2020			2019		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities		Activities	Activities	
Capital assets, net	\$8,576,220	\$7,445,602	\$16,021,822	\$9,109,532	\$8,005,521	\$17,115,053
Notes payable	-	(8,580,420)	(8,580,420)	-	(9,214,216)	(9,214,216)
Notes payable project account	-	3,422,545	3,422,545	-	3,911,576	3,911,576
Payable to COTPA	-	(254,607)	(254,607)	-	(277,239)	(277,239)
	<b><u>\$8,576,220</u></b>	<b><u>\$2,033,120</u></b>	<b><u>\$10,609,340</u></b>	<b><u>\$9,109,532</u></b>	<b><u>\$2,425,642</u></b>	<b><u>\$11,535,174</u></b>

*Restricted for Capital Projects*

	2020			2019		
	<i>Governmental</i>	<i>Business-Type</i>	<b>Total</b>	<i>Governmental</i>	<i>Business-Type</i>	<b>Total</b>
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
Restricted for capital projects	<u>\$1,932,576</u>	<u>\$-</u>	<u>\$1,932,576</u>	<u>\$1,601,229</u>	<u>\$-</u>	<u>\$1,601,229</u>

*Unrestricted*

	2020			2019		
	<i>Governmental</i>	<i>Business-Type</i>	<b>Total</b>	<i>Governmental</i>	<i>Business-Type</i>	<b>Total</b>
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
Unrestricted	<u>\$18,458,931</u>	<u>\$11,085,715</u>	<u>\$29,544,646</u>	<u>\$16,344,496</u>	<u>\$7,191,832</u>	<u>\$23,536,328</u>

**IV. B. FUND BALANCE**

*Non-Spendable Fund Balance*

	<u>2020</u>	<u>2019</u>
Prepays	<u>\$245,311</u>	<u>\$275,769</u>

*Restricted Fund Balance*

	<u>2020</u>	<u>2019</u>
Restricted for capital projects	<u>\$1,929,333</u>	<u>\$1,598,940</u>

*Assigned Fund Balance*

	<u>2020</u>	<u>2019</u>
Assigned for parks improvements, creation and maintenance	\$3,249,456	\$3,887,268
Assigned for Myriad Botanical Gardens operations	11,308	-
Assigned for bond capital projects	10,809,080	8,326,513
Assigned for encumbrances	<u>468,756</u>	<u>-</u>
	<u>\$14,538,600</u>	<u>\$12,213,781</u>

*Unassigned*

	<u>2020</u>	<u>2019</u>
Unassigned	<u>\$2,042,677</u>	<u>\$2,507,590</u>

**V. REVENUES AND EXPENSES**

**V. A. LEASE REVENUES**

*Arts Council of Oklahoma City*

The OCMFA General Purpose Fund leases the Old Central Fire Station to the Arts Council of Oklahoma City. The term is 15 years and expires December 31, 2022. The annual rent is adjusted based on the most recent change in the Consumer Price Index for all Urban Consumers, as reported by the U.S. Bureau of Labor Statistics.

**Premise Health Employer Solutions, LLC**

On September 14, 2015, the OCMFA Services Fund entered into a lease agreement with the Central Oklahoma Transportation and Parking Authority for tenant space in the Arts District Garage for the operation of a City Employee Health Clinic. OCMFA entered into a sublease with CareATC, Inc. to operate the clinic on behalf of OCMFA. On February 4, 2020, the OCMFA Services Fund entered into a new sublease agreement with Premise Health Employer Solutions, LLC. to operate the clinic 2024 with an option to renew for three additional five-year terms.

**John Rex Charter Elementary School, Inc.**

On October 22, 2019, the OCMFA Services Fund entered into a lease agreement with John Rex Charter Elementary School, Inc. to lease a portion of the Old Central Fire Station and an adjacent parking lot. The initial term is for ten years and the annual rent is adjusted based on the most recent change in the Consumer Price Index for all Urban Consumers, as reported by the U.S. Bureau of Labor Statistics subject to a cap of 3%.

**VI. INTERFUND TRANSACTIONS**

**VI. A. INTERFUND BALANCES**

**Due Within The Authority**

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. During 2019, the OCMFA Services Fund had a cash shortage for expenses that exceeded cash balances in the amount of \$103,355. The cash shortage was funded by the General Purpose Fund and an amount due to/from was recorded.

**Payable/Receivable To/From the City**

	Purpose	2020		2019	
		PAYABLE TO		PAYABLE TO	
		General Purpose Fund	OCMFA Services	General Purpose Fund	OCMFA Services
<b>RECEIVABLE FROM</b>					
<b>CURRENT</b>					
City General Fund	Nuisance abatement fees, cell equipment, employee insurance reimbursements	\$ -	\$ -	\$663,679	\$ -
City General Fund	Cost reimbursement	3,640	143,153	-	-
City Grants Management	Grant related cost reimbursement	-	402,472	-	-
City General Obligation Bond Fund	Prefunded project costs	3,903,295	-	2,169,887	-
City Capital Improvement Fund	Capital improvements	1,673	-	21,247	-
City Water and Wastewater Fund	Cell phone equipment	-	2,590	-	15,950
OCPPA Golf Courses	Golf cart loans, golf pro health insurance	-	81,350	-	188,251
City Risk Management Fund	Cost Reimbursement	-	-	-	-
Total current		<u>3,908,608</u>	<u>629,565</u>	<u>2,854,813</u>	<u>204,201</u>

(continued)

NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

OKLAHOMA CITY MUNICIPAL  
FACILITIES AUTHORITY

*Payable/Receivable To/From the City (continued)*

		<u>2020</u>		<u>2019</u>	
		<u>PAYABLE TO</u>		<u>PAYABLE TO</u>	
	<u>Purpose</u>	<u>General</u>	<u>OCMFA</u>	<u>General</u>	<u>OCMFA</u>
		<u>Purpose Fund</u>	<u>Services</u>	<u>Purpose Fund</u>	<u>Services</u>
<u>NON-CURRENT</u>					
City General Obligation Bond Fund	Prefunded project costs	702,140	-	167,475	-
City Information Technology Fund	Cost reimbursement	-	1,590,204	-	2,069,581
OCPPA Golf Courses	Golf cart loans	-	68,463	-	104,594
	Total non-current	<u>702,140</u>	<u>1,658,667</u>	<u>167,475</u>	<u>2,174,175</u>
	<b>Total</b>	<b><u>\$4,610,748</u></b>	<b><u>\$2,288,232</u></b>	<b><u>\$3,022,288</u></b>	<b><u>\$2,378,376</u></b>
		<u>2020</u>		<u>2019</u>	
		<u>RECEIVABLE FROM</u>		<u>RECEIVABLE FROM</u>	
	<u>Purpose</u>	<u>General</u>	<u>OCMFA</u>	<u>General</u>	<u>OCMFA</u>
		<u>Purpose Fund</u>	<u>Services</u>	<u>Purpose Fund</u>	<u>Services</u>
<u>PAYABLE TO</u>					
<u>CURRENT</u>					
City General Fund	Public works and nuisance abatement administrative charges	\$145,473	\$208,710	\$ -	\$26,229
City General Fund	Cost reimbursement	3,640	-	45,143	13,930
City Grants Management Fund	Grant related cost reimbursement	-	63,223	-	63,223
City Police/Fire Equipment Sales Tax	Capital equipment	-	5,991	-	5,991
City Fire Fund	Capital equipment	-	97,087	-	97,087
City Print Shop Fund	Postage	-	-	-	283
City Risk Management Fund	Cost reimbursement	-	7,843,506	-	17,171,610
City Asset Forfeiture Fund	Cost reimbursement	76,578	-	119,388	-
City Information Technology Fund	Cost reimbursement	3,769,871	1,306,711	3,461,767	1,297,049
City Airport Fund	Capital equipment	-	34,112	-	34,112
City Zoo Fund	Capital equipment	-	-	-	27,388
	Total current	<u>3,995,562</u>	<u>9,559,340</u>	<u>3,626,298</u>	<u>18,736,902</u>
<u>NON-CURRENT</u>					
City Police/Fire Equipment Sales Tax	Capital equipment	-	61,412	-	67,403
City Fire Fund	Capital equipment	-	995,141	-	1,092,228
City Airport Fund	Capital equipment	-	349,644	-	383,756
City Zoo Fund	Capital equipment	-	-	-	308,111
	Total non-current	-	<u>1,406,197</u>	-	<u>1,851,498</u>
	<b>Total</b>	<b><u>\$3,995,562</u></b>	<b><u>\$10,965,537</u></b>	<b><u>\$3,626,298</u></b>	<b><u>\$20,588,400</u></b>



*Long-Term Receivable From the City*

**Prefunded Project Costs**

The Authority pays for initial architectural and engineering fees for the City and related trust construction projects before the funding is finalized. This process allows more timely initiation of capital projects due to the length of time involved in finalizing debt and contracts for construction by the City and related trusts. When the funding is finalized and construction begins, the City or related trust reimburses the Authority for the cost of the prefunded fees. Any amounts outstanding are reported as a receivable from the City. At June 30, 2020 and 2019, the Authority reported an amount receivable from the City General Obligation Bond Fund of \$4,605,435 and \$2,337,362 for unreimbursed prefunded fees, of which \$3,903,295 and \$2,169,887 is reported as a current receivable, respectively.

**Receivable From Oklahoma City Public Property Authority (OCPPA)**

OCPPA Lake Hefner and Lincoln Park Golf Courses Cart Loan

On January 13, 2015 a loan for \$1,088,943 from the Authority worker's compensation reserves to the OCPPA was approved for the purchase of new golf carts. The loan was made to 2 golf courses as follows:

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

The loan was repaid over five years at an annual rate of 2.26% beginning March 1, 2015, with the final payment made on February 1, 2020. The principal due at June 30, 2019 was \$152,392 of which \$152,680 was reported as a current receivable including accrued interest of \$288.

OCPPA Trosper Golf Course Cart Loan

On March 13, 2018, a loan for \$180,080 from the Authority's worker's compensation reserve was made to the OCPPA Trosper Golf Course to purchase golf carts. The loan will be repaid over five years at an annual rate of 2.33% beginning May 1, 2018, with the final payment made on April 1, 2023. The principal due at June 30, 2020 and 2019 is \$104,796 and \$140,165 of which \$36,333 and \$35,572 is reported as a current receivable including accrued interest of \$203 and \$272, respectively.

Annual Debt Service Requirements to Maturity for Advances to OCPPA

<b>2020</b>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$36,130	\$2,053	\$38,183
2022	\$36,981	\$1,202	38,183
2023	<u>\$31,482</u>	<u>\$337</u>	<u>31,819</u>
	<b><u>\$104,593</u></b>	<b><u>\$3,592</u></b>	<b><u>\$108,185</u></b>

**General Purpose Fund Cost Reimbursement Receivable From (Payable To) City Information Technology, Asset Forfeiture and General Funds**

The General Purpose Fund manages long-term technology contracts for the City Information Technology Fund. The City Information Technology Fund reimburses the Authority for these costs. The General Purpose fund also manages various undercover investigative services costs which are reimbursed by the Asset Forfeiture Fund and legal services for the City of Oklahoma City which are reimbursed from the City General Fund. The advance represents the under (over) funded liabilities of the General Purpose Fund at June 30, 2020 and 2019.

	<u>Information Technology</u>	<u>2020</u> Police & Court <u>Administration</u>	Civil Rights <u>Defense</u>
Advance balance, July 1, 2019	(\$3,461,767)	(\$119,388)	(\$45,143)
Other services	3,464,083	45,948	-
Materials and supplies	1,038,920	-	315,059
Investment income	(104,018)	(3,138)	(6,276)
Other income	(249,907)	-	-
Reimbursement from the City	<u>(4,457,182)</u>	<u>-</u>	<u>(260,000)</u>
<b>Advance balance, June 30, 2020</b>	<b><u>(\$3,769,871)</u></b>	<b><u>(\$76,578)</u></b>	<b><u>\$3,640</u></b>

	<u>Information Technology</u>	<u>2019</u> Police & Court <u>Administration</u>	Civil Rights <u>Defense</u>
Advance balance, July 1, 2018	(\$3,037,479)	(\$91,770)	(\$33,513)
Other services	3,039,666	45,234	321,841
Materials and supplies	708,474	-	-
Investment income	(99,334)	(2,852)	(3,471)
Other income	(92,903)	-	-
Reimbursement from the City	<u>(3,980,191)</u>	<u>(70,000)</u>	<u>(330,000)</u>
<b>Advance balance, June 30, 2019</b>	<b><u>(\$3,461,767)</u></b>	<b><u>(\$119,388)</u></b>	<b><u>(\$45,143)</u></b>

**OCMFA Services Fund Cost Reimbursement Receivable From (Payable To) City Internal Services Funds**

The City Risk Management, General and Information Technology Funds charge City funds for centralized services. The OCMFA Services Fund manages long-term contracts for costs related to these services. The City Risk Management, General and Information Technology Funds reimburse the Authority for these costs. The advance represents the under (over) funded liabilities of the OCMFA Services Fund at June 30, 2020 and 2019.

	<u>2020</u>				
	Worker's Compensation	Property and Liability	Total Risk Management	Unemployment	Information Technology
Advance balance, July 1, 2019	(\$13,472,569)	(\$3,699,040)	(\$17,171,609)	(\$13,928)	\$772,532
Other services	10,450,527	3,019,354	13,469,881	227,886	4,800,517
Materials and supplies	75,886	-	75,886	-	47,564
Investment income	(1,118,281)	(116,606)	(1,234,887)	(599)	(65,289)
Other income	-	-	-	-	(507,517)
Capital outlay	20,510	-	20,510	-	656,428
Interest on debt	-	-	-	-	228,687
Reimbursement from the City	-	(3,003,288)	(3,003,288)	(70,206)	(5,649,429)
<b>Advance balance, June 30, 2020</b>	<b><u>(\$4,043,927)</u></b>	<b><u>(\$3,799,580)</u></b>	<b><u>(\$7,843,507)</u></b>	<b><u>\$143,153</u></b>	<b><u>\$283,493</u></b>

	<u>2019</u>				
	Worker's Compensation	Property and Liability	Total Risk Management	Unemployment	Information Technology
Advance balance, July 1, 2018	(\$6,955,091)	(\$4,319,044)	(\$11,274,135)	(\$22,418)	\$688,023
Other services	-	2,411,120	2,411,120	160,122	4,214,510
Materials and supplies	4,518,978	-	4,518,978	-	103,818
Investment income	43,419	(106,064)	(62,645)	(1,111)	(64,378)
Other income	(1,219,653)	(185,052)	(1,404,705)	-	(197,334)
Capital outlay	83,072	-	83,072	-	640,447
Interest on debt	-	-	-	-	244,770
Reimbursement from the City	(9,943,294)	(1,500,000)	(11,443,294)	(150,521)	(4,857,324)
<b>Advance balance, June 30, 2019</b>	<b><u>(\$13,472,569)</u></b>	<b><u>(\$3,699,040)</u></b>	<b><u>(\$17,171,609)</u></b>	<b><u>(\$13,928)</u></b>	<b><u>\$772,532</u></b>

***Payable To Component Units of the City***

The OCMFA Services Fund, Information Technology Radio System Debt Service Fund, reported \$254,607 and \$277,239 payable to COTPA at June 30, 2020 and June 30, 2019, respectively, for prefunding related to the new P25 Radio System.

**VI. B. INTERFUND TRANSFERS AND PAYMENTS**

***Payments To/From the City***

Purpose	<u>2020</u>		<u>2019</u>		
	<u>PAYMENTS TO</u>		<u>PAYMENTS TO</u>		
	General Purpose Fund	OCMFA Services Fund	General Purpose Fund	OCMFA Services Fund	
<b>PAYMENTS FROM</b>					
City General Fund	Operating subsidies	\$2,515,701	\$ -	\$945,337	\$ -
City Information Technology Fund	Capital funding	-	656,428	-	640,446
City Risk Management Fund	Capital funding	-	20,510	-	83,072
City Capital Improvement Fund	Capital funding	286,718	-	89,868	-
		<b><u>\$2,802,419</u></b>	<b><u>\$676,938</u></b>	<b><u>\$1,035,205</u></b>	<b><u>\$723,518</u></b>

(continued)

*Payments To/From the City (continued)*

		<u>2020</u>		<u>2019</u>	
		<b>PAYMENTS FROM</b>		<b>PAYMENTS FROM</b>	
		General	OCMFA	General	OCMFA
	<u>Purpose</u>	<u>Purpose Fund</u>	<u>Services Fund</u>	<u>Purpose Fund</u>	<u>Services Fund</u>
<u>PAYMENTS TO</u>					
City General Fund	Cost reimbursement	\$ -	\$ -	\$171,035	\$ -
City Information Technology Fund	Cost reimbursement	243,000	-	67,500	-
City Special Purpose Fund	Park Improvements	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
		<b><u>\$1,243,000</u></b>	<b><u>\$-</u></b>	<b><u>\$1,238,535</u></b>	<b><u>\$-</u></b>

# **Combining Financial Statements**



## ***Combining Statements for the OCMFA Services Fund***

*The OCMFA Services Fund manages long-term contracts for costs of the City of Oklahoma City (City). This Fund is used to account for the financing of goods and services provided by one department to other departments within the City.*

- \* **Health Care Insurance** – Established to account for the risk financing activities of the City and certain component units with regards to the health care plan.*
- \* **Worker’s Compensation** – Established to account for the disability, medical and rehabilitation expenses and related costs associated with on the job injuries. These expenses and related costs are eliminated through reimbursement from and reported in the City Risk Management Fund.*
- \* **Property and Liability** – Established to account for the funding and costs associated with the property and liability insurance program. These expenses and related costs are eliminated through reimbursement from and reported in the City Risk Management Fund.*
- \* **Unemployment Insurance** – Established for the purpose of financing unemployment costs.*
- \* **Information Technology** – Established to account for the operations of the Trust’s computer and telecommunication systems. These expenses and related costs are eliminated through reimbursement from and reported in the City Information Technology Fund.*

**COMBINING STATEMENT OF NET POSITION  
OCMFA SERVICES FUND  
June 30, 2020**

**OKLAHOMA CITY MUNICIPAL  
FACILITIES AUTHORITY**

	Risk Management						Information Technology	Total
	Health Care Insurance	Worker's Compensation	Property and Liability	Unemployment Insurance	Total Risk Management			
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Pooled cash-----	\$239,047	\$386,728	\$63,075	\$470	\$689,320	\$27,949	\$717,269	
Non-pooled cash-----	-	-	-	-	-	3,422,545	3,422,545	
Investments-----	13,319,137	31,405,987	3,491,951	33,494	48,250,569	1,471,699	49,722,268	
Accounts receivable, net-----	64,612	-	-	-	64,612	-	64,612	
Interest, dividends and royalties receivable-----	55,908	207,998	14,650	141	278,697	6,152	284,849	
Receivable from the City of Oklahoma City-----	45,016	438,805	-	143,154	626,975	2,590	629,565	
Intergovernmental receivables-----	-	-	63,222	-	63,222	-	63,222	
Notes receivable-----	-	735,047	-	-	735,047	-	735,047	
Prepays-----	-	-	464,889	-	464,889	26,284	491,173	
<b>Total current assets-----</b>	<b>13,723,720</b>	<b>33,174,565</b>	<b>4,097,787</b>	<b>177,259</b>	<b>51,173,331</b>	<b>4,957,219</b>	<b>56,130,550</b>	
<b>NON-CURRENT ASSETS</b>								
Notes receivable-----	-	1,982,339	-	-	1,982,339	-	1,982,339	
Receivable from the City of Oklahoma City-----	-	68,463	-	-	68,463	1,590,204	1,658,667	
Capital assets:								
Other capital assets,								
net of accumulated depreciation-----	-	123,980	-	-	123,980	7,321,622	7,445,602	
Capital assets, net-----	-	123,980	-	-	123,980	7,321,622	7,445,602	
<b>Total non-current assets-----</b>	<b>-</b>	<b>2,174,782</b>	<b>-</b>	<b>-</b>	<b>2,174,782</b>	<b>8,911,826</b>	<b>11,086,608</b>	
<b>Total assets-----</b>	<b>13,723,720</b>	<b>35,349,347</b>	<b>4,097,787</b>	<b>177,259</b>	<b>53,348,113</b>	<b>13,869,045</b>	<b>67,217,158</b>	
<b>LIABILITIES</b>								
<b>CURRENT LIABILITIES</b>								
Accounts payable and accrued expenses-----	1,419,981	495,635	18,976	177,259	2,111,851	50,207	2,162,058	
Payable to the City of Oklahoma City-----	2,463	4,080,732	3,862,800	-	7,945,995	1,613,345	9,559,340	
Payable to component units-----	-	-	-	-	-	22,632	22,632	
Interest payable-----	-	-	-	-	-	55,129	55,129	
Notes and estimated claims payable-----	1,215,561	7,590,000	216,011	-	9,021,572	650,188	9,671,760	
<b>Total current liabilities-----</b>	<b>2,638,005</b>	<b>12,166,367</b>	<b>4,097,787</b>	<b>177,259</b>	<b>19,079,418</b>	<b>2,391,501</b>	<b>21,470,919</b>	
<b>NON-CURRENT LIABILITIES</b>								
Payable to component units-----	-	-	-	-	-	231,975	231,975	
Notes and estimated claims payable-----	-	23,059,000	-	-	23,059,000	7,930,232	30,989,232	
Payable to the City of Oklahoma City-----	-	-	-	-	-	1,406,197	1,406,197	
<b>Total non-current liabilities-----</b>	<b>-</b>	<b>23,059,000</b>	<b>-</b>	<b>-</b>	<b>23,059,000</b>	<b>9,568,404</b>	<b>32,627,404</b>	
<b>Total liabilities-----</b>	<b>2,638,005</b>	<b>35,225,367</b>	<b>4,097,787</b>	<b>177,259</b>	<b>42,138,418</b>	<b>11,959,905</b>	<b>54,098,323</b>	
<b>NET POSITION</b>								
Net investment in capital assets-----	-	123,980	-	-	123,980	1,909,140	2,033,120	
Unrestricted-----	11,085,715	-	-	-	11,085,715	-	11,085,715	
<b>Total net position-----</b>	<b>\$11,085,715</b>	<b>\$123,980</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$11,209,695</b>	<b>\$1,909,140</b>	<b>\$13,118,835</b>	



**COMBINING STATEMENT OF NET POSITION  
OCMFA SERVICES FUND  
July 1, 2019**

**OKLAHOMA CITY MUNICIPAL  
FACILITIES AUTHORITY**

	Risk Management					Information Technology	Total
	Health Care Insurance	Worker's Compensation	Property and Liability	Unemployment Insurance	Total Risk Management		
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Non-pooled cash-----	-	-	-	-	-	3,911,576	3,911,576
Investments-----	9,240,248	39,074,681	3,137,366	59,357	51,511,652	1,457,937	52,969,589
Interest, dividends and royalties receivable-----	32,672	286,869	11,134	210	330,885	5,163	336,048
Due within the Authority-----	(35,895)	157,034	(11,975)	(226)	108,938	(5,583)	103,355
Receivable from the City of Oklahoma City-----	-	188,251	-	-	188,251	15,950	204,201
Receivable from component units-----	-	-	-	-	-	18,228	18,228
Intergovernmental receivables-----	-	-	63,222	-	63,222	-	63,222
Notes receivable-----	-	1,203,163	-	-	1,203,163	-	1,203,163
Prepays-----	-	-	608,080	-	608,080	23,080	631,160
<b>Total current assets-----</b>	<b>9,237,025</b>	<b>40,909,998</b>	<b>3,807,827</b>	<b>59,341</b>	<b>54,014,191</b>	<b>5,426,351</b>	<b>59,440,542</b>
<b>NON-CURRENT ASSETS</b>							
Notes receivable-----	-	1,908,346	-	-	1,908,346	-	1,908,346
Receivable from the City of Oklahoma City-----	-	104,594	-	-	104,594	2,069,581	2,174,175
Non-current prepaids-----	-	-	131,969	-	131,969	-	131,969
Capital assets:							
Other capital assets,							
net of accumulated depreciation-----	-	159,526	-	-	159,526	7,845,995	8,005,521
Capital assets, net-----	-	159,526	-	-	159,526	7,845,995	8,005,521
<b>Total non-current assets-----</b>	<b>-</b>	<b>2,172,466</b>	<b>131,969</b>	<b>-</b>	<b>2,304,435</b>	<b>9,915,576</b>	<b>12,220,011</b>
<b>Total assets-----</b>	<b>9,237,025</b>	<b>43,082,464</b>	<b>3,939,796</b>	<b>59,341</b>	<b>56,318,626</b>	<b>15,341,927</b>	<b>71,660,553</b>
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Accounts payable and accrued expenses-----	840,223	418,454	4,231	45,413	1,308,321	185,963	1,494,284
Payable to the City of Oklahoma City-----	535	13,472,484	3,762,261	13,928	17,249,208	1,487,694	18,736,902
Payable to component units-----	-	-	-	-	-	22,632	22,632
Interest payable-----	-	-	-	-	-	59,201	59,201
Notes and estimated claims payable-----	1,204,435	7,465,000	173,304	-	8,842,739	633,795	9,476,534
<b>Total current liabilities-----</b>	<b>2,045,193</b>	<b>21,355,938</b>	<b>3,939,796</b>	<b>59,341</b>	<b>27,400,268</b>	<b>2,389,285</b>	<b>29,789,553</b>
<b>NON-CURRENT LIABILITIES</b>							
Payable to component units-----	-	-	-	-	-	254,607	254,607
Estimated claims payable-----	-	21,567,000	-	-	21,567,000	8,580,421	30,147,421
Payable to the City of Oklahoma City-----	-	-	-	-	-	1,851,498	1,851,498
<b>Total non-current liabilities-----</b>	<b>-</b>	<b>21,567,000</b>	<b>-</b>	<b>-</b>	<b>21,567,000</b>	<b>10,686,526</b>	<b>32,253,526</b>
<b>Total liabilities-----</b>	<b>2,045,193</b>	<b>42,922,938</b>	<b>3,939,796</b>	<b>59,341</b>	<b>48,967,268</b>	<b>13,075,811</b>	<b>62,043,079</b>
<b>NET POSITION</b>							
Net investment in capital assets-----	-	159,526	-	-	159,526	2,266,116	2,425,642
Unrestricted-----	7,191,832	-	-	-	7,191,832	-	7,191,832
<b>Total net position-----</b>	<b>\$7,191,832</b>	<b>\$159,526</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$7,351,358</b>	<b>\$2,266,116</b>	<b>\$9,617,474</b>

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
OCMFA SERVICES FUND  
For the Year Ended June 30, 2020**

	<u>Risk Management</u>						<u>Information Technology</u>	<u>Total</u>
	<u>Health Care Insurance</u>	<u>Worker's Compensation</u>	<u>Property and Liability</u>	<u>Unemployment Insurance</u>	<u>Total Risk Management</u>			
<b><u>OPERATING REVENUES</u></b>								
Service charges-----	\$60,285,180	\$ -	\$ -	\$ -	\$60,285,180	\$ -	60,285,180	
Licenses, permits, and fees-----	46,969	-	-	-	46,969	-	46,969	
Other-----	1,281,811	-	-	-	1,281,811	-	1,281,811	
<b>Total operating revenues-----</b>	<b>61,613,960</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,613,960</b>	<b>-</b>	<b>61,613,960</b>	
<b><u>OPERATING EXPENSES</u></b>								
Maintenance, operations, and contractual services-----	58,063,469	-	-	-	58,063,469	-	58,063,469	
Materials and supplies-----	7,447	-	-	-	7,447	-	7,447	
Depreciation-----	-	56,056	-	-	56,056	1,013,404	1,069,460	
<b>Total operating expenses-----</b>	<b>58,070,916</b>	<b>56,056</b>	<b>-</b>	<b>-</b>	<b>58,126,972</b>	<b>1,013,404</b>	<b>59,140,376</b>	
<b>Operating income (loss)-----</b>	<b>3,543,044</b>	<b>(56,056)</b>	<b>-</b>	<b>-</b>	<b>3,486,988</b>	<b>(1,013,404)</b>	<b>2,473,584</b>	
<b><u>NON-OPERATING EXPENSE</u></b>								
Investment income-----	350,839	-	-	-	350,839	-	350,839	
Payments from the City of Oklahoma City-----	-	20,510	-	-	20,510	656,428	676,938	
<b>Net non-operating revenue</b>	<b>350,839</b>	<b>20,510</b>	<b>-</b>	<b>-</b>	<b>371,349</b>	<b>656,428</b>	<b>1,027,777</b>	
<b>Changes in net position-----</b>	<b>3,893,883</b>	<b>(35,546)</b>	<b>-</b>	<b>-</b>	<b>3,858,337</b>	<b>(356,976)</b>	<b>3,501,361</b>	
<b>Total net position, beginning-----</b>	<b>7,191,832</b>	<b>159,526</b>	<b>-</b>	<b>-</b>	<b>7,351,358</b>	<b>2,266,116</b>	<b>9,617,474</b>	
<b>Total net position, ending-----</b>	<b>\$11,085,715</b>	<b>\$123,980</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$11,209,695</b>	<b>\$1,909,140</b>	<b>\$13,118,835</b>	

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
OCMFA SERVICES FUND  
For the Year Ended June 30, 2019**

**OKLAHOMA CITY MUNICIPAL  
FACILITIES AUTHORITY**

	Risk Management						Information Technology	Total
	Health Care Insurance	Worker's Compensation	Property and Liability	Unemployment Insurance	Total Risk Management			
<b><u>OPERATING REVENUES</u></b>								
Service charges-----	\$57,307,374	\$-	\$-	\$-	\$57,307,374	\$-	\$57,307,374	
Licenses, permits and fees-----	46,151	-	-	-	46,151	-	46,151	
Other-----	108,236	-	-	-	108,236	-	108,236	
<b>Total operating revenues-----</b>	<b>57,461,761</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,461,761</b>	<b>-</b>	<b>57,461,761</b>	
<b><u>OPERATING EXPENSES</u></b>								
Maintenance, operations, and contractual services-----	54,835,324	-	-	-	54,835,324	-	54,835,324	
Materials and supplies-----	7,851	-	-	-	7,851	-	7,851	
Depreciation-----	-	51,609	-	-	51,609	1,031,014	1,082,623	
<b>Total operating expenses-----</b>	<b>54,843,175</b>	<b>51,609</b>	<b>-</b>	<b>-</b>	<b>54,894,784</b>	<b>1,031,014</b>	<b>55,925,798</b>	
<b>Operating income (loss)-----</b>	<b>2,618,586</b>	<b>(51,609)</b>	<b>-</b>	<b>-</b>	<b>2,566,977</b>	<b>(1,031,014)</b>	<b>1,535,963</b>	
<b><u>NON-OPERATING EXPENSE</u></b>								
Investment income-----	240,849	-	-	-	240,849	-	240,849	
Payments from the City of Oklahoma City-----	-	83,072	-	-	83,072	640,446	723,518	
<b>Net non-operating revenue</b>	<b>240,849</b>	<b>83,072</b>	<b>-</b>	<b>-</b>	<b>323,921</b>	<b>640,446</b>	<b>964,367</b>	
<b>Changes in net position-----</b>	<b>2,859,435</b>	<b>31,463</b>	<b>-</b>	<b>-</b>	<b>2,890,898</b>	<b>(390,568)</b>	<b>2,500,330</b>	
<b>Total net position, beginning-----</b>	<b>4,332,397</b>	<b>128,063</b>	<b>-</b>	<b>-</b>	<b>4,460,460</b>	<b>2,656,684</b>	<b>7,117,144</b>	
<b>Total net position, ending-----</b>	<b>\$7,191,832</b>	<b>\$159,526</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$7,351,358</b>	<b>\$2,266,116</b>	<b>\$9,617,474</b>	

**COMBINING STATEMENT OF CASH FLOWS**  
**OCMFA SERVICES FUND**  
**For the Year Ended June 30, 2020**

**OKLAHOMA CITY MUNICIPAL**  
**FACILITIES AUTHORITY**

	Risk Management						
	Health	Worker's Compensation	Property	Unemployment Insurance	Total	Information Technology	Total
	Care Insurance		and Liability		Risk Management		
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>							
Cash received from customers-----	\$61,533,049	\$ -	\$ -	\$ -	\$61,533,049	\$ -	\$61,533,049
Cash payments to suppliers for goods and services-----	(57,522,854)	(9,040,779)	(2,698,719)	(96,268)	(69,358,620)	(4,817,656)	(74,176,276)
Cash payments for internal services-----	(19,862)	-	-	-	(19,862)	-	(19,862)
Cost reimbursements from (to) other funds-----	-	-	3,003,288	70,206	3,073,494	5,649,429	8,722,923
<b>Net cash provided (used) by operating activities-----</b>	<b>3,990,333</b>	<b>(9,040,779)</b>	<b>304,569</b>	<b>(26,062)</b>	<b>(4,771,939)</b>	<b>831,773</b>	<b>(3,940,166)</b>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>							
Transfers paid to other funds-----	-	581,815	-	-	581,815	-	581,815
<b>Net cash provided by non-capital financing activities-----</b>	<b>-</b>	<b>581,815</b>	<b>-</b>	<b>-</b>	<b>581,815</b>	<b>-</b>	<b>581,815</b>
<b><u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u></b>							
Payments for acquisition and construction of capital assets-----	-	(20,510)	-	-	(20,510)	(489,031)	(509,541)
Principal paid on long-term debt-----	-	-	-	-	-	(633,795)	(633,795)
Interest paid on long-term debt-----	-	-	-	-	-	(232,759)	(232,759)
Proceeds from sale of assets-----	-	-	-	-	-	12,196	12,196
<b>Net cash provided (used) by capital and related financing activities-----</b>	<b>-</b>	<b>(20,510)</b>	<b>-</b>	<b>-</b>	<b>(20,510)</b>	<b>(1,343,389)</b>	<b>(1,363,899)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>							
Changes in pooled investments-----	(3,937,554)	8,104,667	(306,667)	26,040	3,886,486	8,614	3,895,100
Investment income received-----	183,436	746,408	64,076	467	994,387	41,392	1,035,779
Purchased interest-----	2,832	15,127	1,097	25	19,081	528	19,609
<b>Net cash provided (used) by investing activities-----</b>	<b>(3,751,286)</b>	<b>8,866,202</b>	<b>(241,494)</b>	<b>26,532</b>	<b>4,899,954</b>	<b>50,534</b>	<b>4,950,488</b>
<b>Net increase (decrease) in cash-----</b>	<b>239,047</b>	<b>386,728</b>	<b>63,075</b>	<b>470</b>	<b>689,320</b>	<b>(461,082)</b>	<b>228,238</b>
Cash, beginning-----	-	-	-	-	-	3,911,576	3,911,576
<b>Cash, ending-----</b>	<b>\$239,047</b>	<b>\$386,728</b>	<b>\$63,075</b>	<b>\$470</b>	<b>\$689,320</b>	<b>\$3,450,494</b>	<b>\$4,139,814</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>							
Operating income (loss)-----	\$3,543,044	(\$56,056)	\$ -	\$ -	\$3,486,988	(\$1,013,404)	\$2,473,584
<b><u>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>							
Depreciation-----	-	56,056	-	-	56,056	1,013,404	1,069,460
Other revenue (expense)-----	-	(1,097,770)	(116,607)	(600)	(1,214,977)	151,205	(1,063,772)
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable-----	(64,612)	-	-	-	(64,612)	-	(64,612)
(Increase) decrease in receivable from the City of Oklahoma City-----	(80,911)	(245,438)	51,247	(143,380)	(418,482)	(3,998,829)	(4,417,311)
(Increase) decrease in receivable from component units-----	-	-	-	-	-	18,228	18,228
(Increase) decrease in prepaid assets-----	-	-	275,160	-	275,160	(3,203)	271,957
Increase (decrease) in accounts payable and accrued expenses-----	579,758	77,181	14,745	131,846	803,530	(135,756)	667,774
Increase (decrease) in payable to the City of Oklahoma City-----	1,928	(9,391,752)	37,317	(13,928)	(9,366,435)	4,822,760	(4,543,675)
Increase (decrease) in payable to component unit-----	-	-	-	-	-	(22,632)	(22,632)
Increase (decrease) in long-term liabilities-----	-	-	42,707	-	42,707	-	42,707
Increase (decrease) in notes, lease, and estimated claims payable-----	11,126	1,617,000	-	-	1,628,126	-	1,628,126
Total adjustments-----	447,289	(8,984,723)	304,569	(26,062)	(8,258,927)	1,845,177	(6,413,750)
<b>Net cash provided (used) by operating activities-----</b>	<b>\$3,990,333</b>	<b>(\$9,040,779)</b>	<b>\$304,569</b>	<b>(\$26,062)</b>	<b>(\$4,771,939)</b>	<b>\$831,773</b>	<b>(\$3,940,166)</b>
<b><u>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u></b>							
Net increase (decrease) in fair value of investments-----	141,335	435,973	47,917	176	625,401	22,376	647,777
<b>Total non-cash investing, capital, and financing activities-----</b>	<b>\$141,335</b>	<b>\$435,973</b>	<b>\$47,917</b>	<b>\$176</b>	<b>\$625,401</b>	<b>\$22,376</b>	<b>\$647,777</b>

**COMBINING STATEMENT OF CASH FLOWS  
OCMFA SERVICES FUND  
For the Year Ended June 30, 2019**

**OKLAHOMA CITY MUNICIPAL  
FACILITIES AUTHORITY**

	Risk Management						Total
	Health Care Insurance	Worker's Compensation	Property and Liability	Unemployment Insurance	Total Risk Management	Information Technology	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>							
Cash received from customers-----	\$57,461,762	\$ -	\$ -	\$ -	\$57,461,762	\$ -	\$57,461,762
Cash payments to suppliers for goods and services-----	(54,748,581)	(5,886,336)	(2,570,645)	(150,295)	(63,355,857)	(4,167,118)	(67,522,975)
Cash payments for internal services-----	(13,710)	-	-	-	(13,710)	-	(13,710)
Cost reimbursements from (to) other funds-----	-	9,943,294	1,500,000	150,521	11,593,815	4,857,324	16,451,139
Other cash receipts-----	-	7,703	-	-	7,703	-	7,703
<b>Net cash provided (used) by operating activities-----</b>	<b>2,699,471</b>	<b>4,064,661</b>	<b>(1,070,645)</b>	<b>226</b>	<b>5,693,713</b>	<b>690,206</b>	<b>6,383,919</b>
<b>Net cash provided by non-capital financing activities-----</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u></b>							
Payments for acquisition and construction of capital assets-----	-	(83,073)	-	-	(83,073)	(2,792,850)	(2,875,923)
Principal paid on long-term debt-----	-	-	-	-	-	(617,815)	(617,815)
Interest paid on long-term debt-----	-	-	-	-	-	(248,739)	(248,739)
Capital and capital related payments from City of Oklahoma City---	-	934,795	-	-	934,795	-	934,795
Proceeds from sale of assets-----	-	-	-	-	-	10,125	10,125
<b>Net cash provided (used) by capital and related financing activities-----</b>	<b>-</b>	<b>851,722</b>	<b>-</b>	<b>-</b>	<b>851,722</b>	<b>(3,649,279)</b>	<b>(2,797,557)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>							
Changes in pooled investments-----	(3,044,044)	(6,336,487)	863,950	(2,686)	(8,519,267)	70,358	(8,448,909)
Investment income received-----	138,285	651,623	72,631	642	863,181	43,995	907,176
Purchased interest-----	(2,162)	(6,651)	(13)	(7)	(8,833)	(383)	(9,216)
Receipts from oil and gas royalties-----	-	-	-	-	-	(130)	(130)
<b>Net cash provided (used) by investing activities-----</b>	<b>(2,907,921)</b>	<b>(5,691,515)</b>	<b>936,568</b>	<b>(2,051)</b>	<b>(7,664,919)</b>	<b>113,840</b>	<b>(7,551,079)</b>
<b>Net decrease in cash-----</b>	<b>(208,450)</b>	<b>(775,132)</b>	<b>(134,077)</b>	<b>(1,825)</b>	<b>(1,119,484)</b>	<b>(2,845,233)</b>	<b>(3,964,717)</b>
Cash, beginning-----	208,450	775,132	134,077	1,825	1,119,484	6,756,809	7,876,293
<b>Cash, ending-----</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$3,911,576</b>	<b>\$3,911,576</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>							
Operating income (loss)-----	\$2,618,586	(\$51,609)	\$ -	\$ -	\$2,566,977	(\$1,031,014)	\$1,535,963
<b><u>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>							
Depreciation-----	-	51,609	-	-	51,609	1,031,014	1,082,623
Other revenue (expense)-----	-	(1,128,877)	(106,064)	(1,111)	(1,236,052)	170,267	(1,065,785)
Changes in assets and liabilities:							
(Increase) decrease in receivable from the City of Oklahoma City	35,895	(157,034)	11,975	226	(108,938)	690,305	581,367
(Increase) decrease in receivable from component units-----	-	-	1,495	-	1,495	(13,645)	(12,150)
(Increase) decrease in prepaid assets-----	-	205,221	(137,267)	-	67,954	154,307	222,261
Increase (decrease) in accounts payable and accrued expenses---	253,943	146,959	132	9,600	410,634	11,498	422,132
Increase (decrease) in payable to the City of Oklahoma City-----	(836)	6,517,392	(620,006)	(8,489)	5,888,061	(299,894)	5,588,167
Increase (decrease) in payable to component unit-----	-	-	(252,798)	-	(252,798)	(22,632)	(275,430)
Increase (decrease) in long-term liabilities-----	-	-	31,888	-	31,888	-	31,888
Increase (decrease) in notes, lease, and estimated claims payable-	(208,117)	(1,519,000)	-	-	(1,727,117)	-	(1,727,117)
Total adjustments-----	80,885	4,116,270	(1,070,645)	226	3,126,736	1,721,220	4,847,956
<b>Net cash provided (used) by operating activities-----</b>	<b>\$2,699,471</b>	<b>\$4,064,661</b>	<b>(\$1,070,645)</b>	<b>\$226</b>	<b>\$5,693,713</b>	<b>\$690,206</b>	<b>\$6,383,919</b>
<b><u>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u></b>							
Net increase (decrease) in fair value of investments-----	\$90,812	\$386,574	\$34,488	\$438	\$512,312	\$20,376	\$532,688
<b>Total non-cash investing, capital, and financing activities-----</b>	<b>\$90,812</b>	<b>\$386,574</b>	<b>\$34,488</b>	<b>\$438</b>	<b>\$512,312</b>	<b>\$20,376</b>	<b>\$532,688</b>

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

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To the Board of Trustees  
**Oklahoma City Municipal Facilities Authority**  
Oklahoma City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Oklahoma City Municipal Facilities Authority (Authority), a blended component unit of the City of Oklahoma City, Oklahoma, as of and for the years ended June 30, 2020 and 2019, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 20, 2020.

### **Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and

material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

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

November 20, 2020  
Wichita, Kansas