



Oklahoma City Riverfront Redevelopment Authority

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

OKLAHOMA CITY RIVERFRONT REDEVELOPMENT AUTHORITY

A Discrete Component Unit of
Oklahoma City, Oklahoma

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Craig A. 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

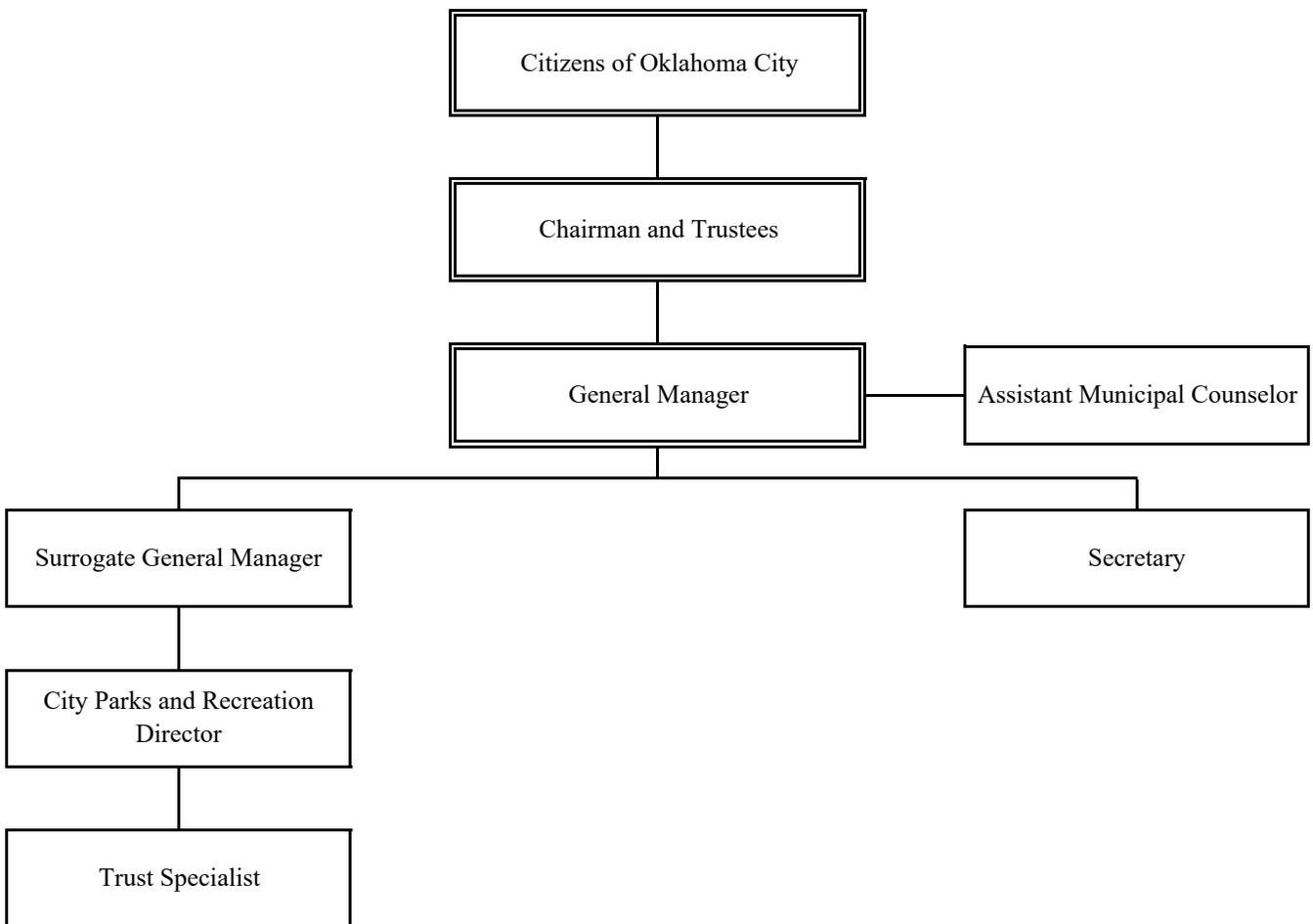
OKLAHOMA CITY RIVERFRONT REDEVELOPMENT AUTHORITY

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**Oklahoma City
Riverfront Redevelopment Authority
Organization Chart**



Introductory Section



November 20, 2020

Chairman and Trustees
Oklahoma City Riverfront Redevelopment Authority

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

The Authority's annual report includes the reports of independent auditor's, management's discussion and analysis (MD&A), financial statements, and related notes. Management's narrative on the financial activities of the Authority for 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 discretely presented component unit of the City of Oklahoma City (City) and, as such, is included within the City's Comprehensive Annual Financial Report (CAFR).

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

The Authority provides policy direction, as well as master planning and project oversight, for developments and activities along the River within the Oklahoma City limits. Established via a trust indenture approved by the Mayor and City Council, the Authority is responsible for management of the City's substantial real assets along the River, the terms of which are set forth in a master lease agreement between the City and Authority.

The original Metropolitan Area Projects (MAPS) program provided the initial funding for the City's longstanding vision to transform the predominantly dry Corps of Engineers floodway construction project of the late '50s and early '60s into a vibrant corridor designed to foster outdoor recreation and economic redevelopment in the City's core. The last of the original MAPS river projects, totaling some \$39 million including the Bricktown Canal, was completed in 2004, paving the way for new waterfront events and privately funded developments which would have been impossible absent the voters' approval of that landmark ballot initiative in December 1993. From the Holiday Boat Parade to various competitive rowing activities to the formal designation of the River as a United States Olympic and Paralympic Committee Training Site, it is clear that the impoundment of water has forever transformed the former drainage ditch into a powerful economic development engine and marketing image for the City.

Voter approval of the MAPS3 program in December 2009 has resulted in additional progress on Oklahoma City's riverfront. The resultant \$60 million in additional public investment in river-related projects and improvements has generated even greater interest in River development. The Authority works closely with the MAPS3 Citizens Advisory Board and staff, and the Authority itself is represented on the related MAPS3 Subcommittee by sitting members of the Authority.

In addition to the MAPS-funded program of work, projects with which the Authority continues to be involved include the First Americans Museum, the Boathouse District, Oklahoma River Cruises, riverfront hotel development near Meridian Avenue, Crystal Lake Park, and the West River Trail. The Riverfront Design Committee, which includes two members of the Authority, reviews development proposals submitted for properties located within the designated Scenic River Overlay Design District.

The Authority also entered into a sublease with the Riversport Foundation (formerly the Oklahoma City Boathouse Foundation) for the MAPS3 Whitewater Facility (Facility). The lease has an initial term of 20 years and includes a provision that 25% of any naming rights proceeds be restricted for capital repair and replacement at the Facility.

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.

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 in sales tax of 5% in FY21.

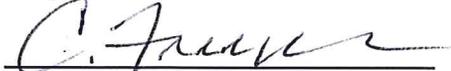
Going forward, Oklahoma City has a number of factors in its favor when the threat of coronavirus is lifted. The cost of living and the cost of doing business are consistently rated among the best in the country. In addition, low commuting times, convenient airline travel, and excellent entertainment 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.

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

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



Brent Bryant
City of Oklahoma City
Finance Director



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

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Financial Section

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Oklahoma City Riverfront Redevelopment Authority (Authority), a discrete 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 and the major fund of the Authority as of June 30, 2020 and 2019, and the respective changes in its financial position 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.

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 introductory section as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Financial Summary

- Authority assets exceeded liabilities by \$2,554,432 (net position) for 2020. This compares to the previous year when assets exceeded liabilities by \$2,613,424.
- Total assets for the Authority increased by \$221,173 (8.3%) to \$2,873,486 during 2020 and decreased by \$49,264 (1.8%) to \$2,652,313 for 2019.
- Total liabilities for the Authority increased by \$280,165 (720.4%) to \$319,054 during 2020 and increased by \$1,382 (3.7%) to \$38,889 during 2019.
- Total net position is comprised of the following:
 - (1) Investment in capital assets of \$2,368,622 at June 30, 2020, and \$2,427,389 at June 30, 2019, include property and equipment, net of accumulated depreciation.
 - (2) Unrestricted net position of \$185,810 and \$186,035 at June 30, 2020 and 2019, respectively.
- The Authority's governmental fund reported an ending fund balance of \$184,809 this year. This compares to the prior year ending fund balance of \$183,213 for an increase of \$1,596 during the current year.

Overview of the Financial Statements

This discussion and analysis introduces the Authority's basic financial statements. The basic financial statements include: (1) Authority-wide statements, (2) fund financial statements, and (3) notes to the financial statements.

Authority-wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Fund

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

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

Notes to the Financial Statements

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

Financial Analysis

The Authority's net position at fiscal year-end is \$2,554,432. This is a decrease of \$58,992 from last year's net position of \$2,613,424. Overall the Authority's financial position declined during fiscal year 2020.

Summary of Net Position

	2020	2019	2020-2019 Amount of Change	2020-2019 %	2018	2019-2018 Amount of Change	2019-2018 %
Assets							
Current assets	\$504,864	\$224,924	\$279,940	124.5%	\$215,421	\$9,503	4.4%
Capital assets, net	<u>2,368,622</u>	<u>2,427,389</u>	<u>(58,767)</u>	(2.4)	<u>2,486,156</u>	<u>(58,767)</u>	(2.4)
Total assets	<u>2,873,486</u>	<u>2,652,313</u>	<u>221,173</u>	8.3	<u>2,701,577</u>	<u>(49,264)</u>	(1.8)
Liabilities							
Current liabilities	<u>319,054</u>	<u>38,889</u>	<u>280,165</u>	720.4	<u>37,507</u>	<u>1,382</u>	3.7
Total liabilities	<u>319,054</u>	<u>38,889</u>	<u>280,165</u>	720.4	<u>37,507</u>	<u>1,382</u>	3.7
Net position							
Invested in capital assets	2,368,622	2,427,389	(58,767)	(2.4)	2,486,156	(58,767)	(2.4)
Unrestricted net position	<u>185,810</u>	<u>186,035</u>	<u>(225)</u>	(0.1)	<u>177,914</u>	<u>8,121</u>	4.6
Total net position	<u>2,554,432</u>	<u>2,613,424</u>	<u>(58,992)</u>	(2.3)	<u>2,664,070</u>	<u>(\$50,646)</u>	(1.9)

Current assets increased \$279,940 and \$9,503 in 2020 and 2019, respectively. Cash and investments increased \$284,867 and \$35,160 in 2020 and 2019, respectively. Accounts receivable decreased \$5,837 and \$2,223 in 2020 and 2019, respectively. Receivable from the City General Fund increased \$1,265 in 2020 and decreased \$23,597 in 2019 primarily due to payments received by the City prior to June 30, 2018 but not transferred to the Authority until July 2018. Capital assets decreased \$58,767 in 2020 and 2019, respectively, due to normal depreciation.

Current liabilities increased \$280,165 in 2020 primarily related to \$273,314 in unspent transfers from the City General Fund for pump repairs. Current liabilities increased \$1,382 in 2019 due to an increase in unearned revenue related to lease payments to the Authority.

	Summary of Changes in Net Position						
	<u>2020</u>	<u>2019</u>	2020-2019 Amount of <u>Change</u>	2020-2019 % <u>Change</u>	<u>2018</u>	2019-2018 Amount of <u>Change</u>	2019-2018 % <u>Change</u>
Revenues							
Charges for services	\$32,680	\$19,381	\$13,299	68.6%	\$15,863	\$3,518	22.2%
Operating grants & contributions	1,792,163	1,286,038	506,125	39.4	46,602	1,239,436	2659.6
General revenues	<u>30,891</u>	<u>50,553</u>	<u>(19,662)</u>	(38.9)	<u>62,782</u>	<u>(12,229)</u>	(19.5)
Total revenues	1,855,734	1,355,972	499,762	36.9	125,247	1,230,725	982.6
Program expenses	<u>1,914,726</u>	<u>1,406,618</u>	<u>508,108</u>	36.1	<u>176,845</u>	<u>1,229,773</u>	695.4
Changes in net position	(58,992)	(50,646)	(8,346)	(16.5)	(51,598)	952	1.8
Beginning net position	<u>2,613,424</u>	<u>2,664,070</u>	<u>(50,646)</u>	(1.9)	<u>2,715,668</u>	<u>(51,598)</u>	(1.9)
Ending net position	<u>\$2,554,432</u>	<u>\$2,613,424</u>	<u>(\$58,992)</u>	(2.3)	<u>\$2,664,070</u>	<u>(\$50,646)</u>	(1.9)

Within total revenues, the Authority reported a net increase of \$499,762 in 2020 primarily related to an increase of \$259,615 in payments received over the prior year to fund reimbursements of the Riversport Rapids Facility incurred by the Riversport Foundation and to a \$241,480 payment from the City General Fund to fund pump repairs. Total revenues increased \$1,230,725 in 2019 primarily related to a \$1,240,385 payment from the City General Fund to fund reimbursement of the Riversport Rapids Facility start-up costs incurred by the Riversport Foundation in accordance with the amended lease and operation agreement.

In 2020, program expenses increased \$508,108 primarily related to an increase of \$259,615 in payments to the Riversport Foundation for management fees and an increase of \$213,426 in expenses related to pump repairs. In 2019, program expenses increased \$1,229,773 primarily related to the payment to the Riversport Foundation for reimbursement of Riversport Rapids Facility start-up costs in accordance with the amended lease and operation agreements.

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 to upcoming financing requirements. The Authority governmental fund reported ending fund balance of \$184,809 and \$183,213 in fiscal year 2020 and 2019, respectively. Of these balances, \$44,976 in 2020 and \$183,213 in 2019 is unassigned, indicating availability for continuing Authority general service requirements.

The total ending fund balance of the governmental fund shows an increase of \$1,596 in 2020 and an increase of \$9,688 in 2019 over the prior year. These differences are primarily the result of the events and programs described above.

Capital Assets

The Authority's investment in capital assets, net of accumulated depreciation for the fiscal years 2020 and 2019 consist of land, infrastructure, and equipment. Capital assets at fiscal year-end are \$2,368,622. This is a decrease of \$58,767 from last year's capital assets of \$2,427,389.

	Capital Assets Net of Accumulated Depreciation						
	<u>2020</u>	<u>2019</u>	2020-2019	2020-2019	<u>2018</u>	2019-2018	2019-2018
			Amount of	%		Amount of	%
			<u>Change</u>	<u>Change</u>		<u>Change</u>	<u>Change</u>
Non-Depreciable Assets							
Land	<u>\$32,144</u>	<u>\$32,144</u>	<u>\$ -</u>	0.0%	<u>\$32,144</u>	<u>\$ -</u>	0.0%
Depreciable Assets							
Infrastructure	<u>2,336,478</u>	<u>2,395,245</u>	<u>(58,767)</u>	(2.5)	<u>2,454,012</u>	<u>(58,767)</u>	(2.4)
	<u>\$2,368,622</u>	<u>\$2,427,389</u>	<u>(\$58,767)</u>	(2.4)	<u>\$2,486,156</u>	<u>(\$58,767)</u>	(2.4)

The decrease in capital assets was due to normal depreciation of capital assets of \$58,767 in 2020 and 2019, respectively. See Note II. D. for additional information regarding capital assets.

Economic Factors

The Authority relies on revenue from event permits and from oil and gas royalties. During the current year, the COVID-19 pandemic negatively impacted the Authority's operations. Permit revenues declined as many public and private events were either postponed or cancelled. Also during the current year, oil and gas prices have reduced, and related royalties gradually decreased. During the prior year, oil and gas prices stabilized, and oil and gas royalties gradually increased.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances, comply with finance-related laws and regulations, and demonstrate commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City's Finance Department, Accounting Services Division, at 100 North Walker, Suite 300, Oklahoma City, Oklahoma 73102. Questions relating to the Authority's operations should be directed to the Oklahoma City Riverfront Redevelopment Authority, 420 W. Main, Suite 210, Oklahoma City, Oklahoma 73102.

Basic Financial Statements

Authority-wide Financial Statements

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

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

Fund Financial Statements

Focus on the Authority's governmental fund.

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.

STATEMENT OF NET POSITION
June 30,

**OKLAHOMA CITY RIVERFRONT
REDEVELOPMENT AUTHORITY**

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Non-pooled cash-----	\$1,004	\$1,002
Investments-----	497,355	212,490
Accounts receivable, net-----	3,000	8,837
Interest receivable-----	45	400
Receivable from the City of Oklahoma City General Fund-----	3,460	2,195
Total current assets -----	504,864	224,924
<u>NON-CURRENT ASSETS</u>		
Capital assets:		
Land and construction in progress-----	32,144	32,144
Other capital assets, net of accumulated depreciation-----	2,336,478	2,395,245
Total capital assets -----	2,368,622	2,427,389
Total assets -----	2,873,486	2,652,313
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses-----	7,997	-
Payable to the City of Oklahoma City General Fund-----	308,707	35,428
Unearned revenue-----	2,350	3,461
Total liabilities -----	319,054	38,889
<u>NET POSITION</u>		
Net investment in capital assets-----	2,368,622	2,427,389
Unrestricted-----	185,810	186,035
Total net position -----	\$2,554,432	\$2,613,424

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES
For the Years Ended June 30,

**OKLAHOMA CITY RIVERFRONT
REDEVELOPMENT AUTHORITY**

	<u>2020</u>	<u>2019</u>
<u>PROGRAM EXPENSES</u>		
<u>RIVERFRONT REDEVELOPMENT</u>		
Materials and supplies-----	\$142,423	\$35
Professional services-----	11,573	14,628
Payments to Central Oklahoma Transportation and Parking Authority, River Mobility Fund---	25,000	25,000
Other services and charges-----	1,676,963	1,308,188
Depreciation expense-----	58,767	58,767
Total program expenses-----	<u>1,914,726</u>	<u>1,406,618</u>
<u>PROGRAM REVENUES</u>		
<u>CHARGES FOR SERVICES</u>		
Riverfront redevelopment-----	32,680	19,381
<u>OPERATING GRANTS AND CONTRIBUTIONS</u>		
Payments from the City of Oklahoma City Capital Improvements Fund-----	1,500,000	-
Payments from the City of Oklahoma City General Fund-----	241,480	1,240,385
Other operating grants and contributions-----	50,683	45,653
Total operating grants and contributions-----	<u>1,792,163</u>	<u>1,286,038</u>
Total program revenues-----	<u>1,824,843</u>	<u>1,305,419</u>
Net program expense-----	<u>(89,883)</u>	<u>(101,199)</u>
<u>GENERAL REVENUES</u>		
Oil and gas royalties-----	24,121	36,699
Investment income-----	6,770	9,866
Other-----	-	3,988
Total general revenues-----	<u>30,891</u>	<u>50,553</u>
Changes in net position-----	<u>(58,992)</u>	<u>(50,646)</u>
Net position-beginning-----	2,613,424	2,664,070
Net position-ending-----	<u>\$2,554,432</u>	<u>\$2,613,424</u>

See accompanying notes to financial statements.

BALANCE SHEET
June 30,

OKLAHOMA CITY RIVERFRONT
REDEVELOPMENT AUTHORITY

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Non-pooled cash-----	\$1,004	\$1,002
Investments-----	497,355	212,490
Accounts receivable-----	3,000	8,837
Interest receivable-----	45	400
Receivable from the City of Oklahoma City General Fund-----	3,460	2,195
Total assets -----	<u>\$504,864</u>	<u>\$224,924</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u>		
<u>AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts payable and accrued expenditures-----	\$7,997	\$ -
Payable to the City of Oklahoma City General Fund-----	308,707	35,428
Unearned revenue-----	2,350	3,461
Total liabilities -----	<u>319,054</u>	<u>38,889</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u> -----	 <u>1,001</u>	 <u>2,822</u>
 <u>FUND BALANCES</u>		
Unrestricted:		
Assigned-----	139,833	-
Unassigned-----	44,976	183,213
Total fund balances -----	<u>184,809</u>	<u>183,213</u>
Total liabilities, deferred inflows of resources, and fund balances -----	<u>\$504,864</u>	<u>\$224,924</u>
 <u>RECONCILIATION OF THE BALANCE SHEETS TO THE STATEMENTS OF</u>		
<u>NET POSITION</u>		
Total fund balances-----	\$184,809	\$183,213
Capital assets-----	3,450,218	3,450,218
Accumulated depreciation-----	(1,081,596)	(1,022,829)
Earned but unavailable revenue-----	1,001	2,822
Total net position -----	<u>\$2,554,432</u>	<u>\$2,613,424</u>

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

**OKLAHOMA CITY RIVERFRONT
REDEVELOPMENT AUTHORITY**

	<u>2020</u>	<u>2019</u>
<u>REVENUES</u>		
Oil and gas royalties-----	\$25,942	\$37,254
Investment income-----	6,770	9,866
Charges for services-----	24,511	7,020
Rental income-----	8,169	12,361
Payments from the City of Oklahoma City Capital Improvements Fund-----	1,500,000	-
Payments from the City of Oklahoma City General Fund-----	241,480	1,240,385
Contributions-----	50,683	45,653
Other-----	-	5,000
Total revenues-----	<u>\$1,857,555</u>	<u>\$1,357,539</u>
<u>EXPENDITURES</u>		
<u>CURRENT</u>		
Materials and supplies-----	142,423	35
Professional services-----	11,573	14,628
Payments to Central Oklahoma Transportation and Parking Authority, River Mobility Fund---	25,000	25,000
Other services and charges-----	1,676,963	1,308,188
Total expenditures-----	<u>1,855,959</u>	<u>1,347,851</u>
Net changes in fund balances-----	1,596	9,688
Fund balances, beginning-----	183,213	173,525
Fund balances, ending-----	<u>\$184,809</u>	<u>\$183,213</u>
<u>RECONCILIATION OF STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENTS OF ACTIVITIES</u>		
Net changes in fund balances-----	\$1,596	\$9,688
Depreciation expense-----	(58,767)	(58,767)
Recognition of earned but unavailable revenue-----	(1,821)	(1,567)
Change in net position-----	<u>(\$58,992)</u>	<u>(\$50,646)</u>

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Notes to Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. A. INTRODUCTION

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

I. B. BASIS OF PRESENTATION

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

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

The Mayor, his appointed surrogate, and three City Council members serve with five other Trustees appointed by the Mayor and confirmed by the City Council. The Authority does not have the power to levy taxes. The City has no obligation for debt issued by the Authority.

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

The Authority is presented as a component unit of the City because the City appoints all Trustees and has the ability to remove members and may overrule or modify the Authority's decisions. The Authority is discretely presented because the majority of the Board is not the same as the voting majority of the City Council.

The financial activity of the Authority is a discretely presented component unit in the City's CAFR. The CAFR financial statement 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. City employees perform all administrative and management functions of the Authority. The Authority does not reimburse the City for these costs.

Related Parties

North Canadian/Oklahoma River Corridor Foundation Endowment Fund (ORFE)

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

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

Central Oklahoma Transportation and Parking Authority (COTPA)

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

On October 16, 2007, the City, the Authority, and COTPA entered into a lease agreement in which COTPA agreed to pay the City and the Authority \$25 each, per year to lease property on the River for the construction, operation, and maintenance of infrastructure needed to support operation of watercraft from the Water Transit Mobility System. The lease provides for a 30 year primary term and an automatic renewal for a further term of 45 years.

Lease and Management Agreements

City Master Lease and Mineral Rights

The Authority has entered into an agreement with the City assigning riverfront development responsibility to the Authority and granting the Authority specific rights with respect to the City's river corridor assets of the North Canadian/Oklahoma River Corridor. The City's river corridor assets include the Oklahoma River Rowing and Canoe/Kayak Racecourse. The lease payment is nominal. The initial term of the lease is 25 years, and the property can be subleased. The sublease agreements with the Authority covers the properties' mineral rights. The related oil and gas royalties received under this arrangement constitute the majority of the Authority's revenue.

The Authority has entered into various subleases. The purpose of these subleases is generally to provide access to land to various parties to allow them to build boathouses and other facilities along the North Canadian/Oklahoma River Corridor. These subleases are generally for nominal dollar amounts and have initial terms of 25 years with options to renew for additional periods.

Riversport Foundation Annex

Since 2006, the Riversport Foundation has operated and maintained the Boathouse Annex under an agreement with the City and the Authority. The Annex has been subleased to the University of Oklahoma (OU) for the varsity rowing programs and events. Effective April 4, 2016, a new agreement was entered into for ten years with a ten-year renewal option. In consideration, the Riversport Foundation will pay to the Authority \$1,250 for the first three years, \$1,500 for years four and five, \$1,750 for years six, seven, and eight and \$2,000 in years nine and ten. Annual payments are due on or before the anniversary date.

Riversport Foundation Amended Landscaping, Maintenance and Related Public Amenities Agreement

Effective October 1, 2013, the City and the Authority entered into an agreement with the Riversport Foundation for the construction, operation, management and maintenance, with private funds, of landscaping and related public amenities in support of boathouses located on separate leaseholds. This amendment supersedes the lease agreement dated November 24, 2009, for construction, memorandum of understanding dated March 18, 2008, for the upgrade of the rowing and canoe/kayak racecourse venue and agreement dated April 4, 2006, for the Oklahoma River Recreational Boat Concessions. The agreement is for 20 years ending September 30, 2033, and can be renewed for four additional 5 year terms for a fee of \$10 per year.

Riversport Rapids Facility

On May 19, 2015, the City and the Authority entered into an agreement with the Riversport Foundation for an initial term of 20 years and three additional five-year terms upon written acceptance by all parties. In the agreement, the Authority leases the Riversport Rapids Facility to the Riversport Foundation. The Riversport Foundation will provide operation, management and maintenance services for the Riversport Rapids Facility at no cost to the City or the Authority other than the Authority's agreement to repair and replace capital items. The Riversport Foundation is the sole manager and operator for the Riversport Rapids Facility. On July 3, 2018, the agreement was amended to allow for reimbursement to Riversport Foundation of additional expenses related to start-up costs. The amendment also required the restructuring of the Riversport Foundation Board of Directors to include one City Council member. On September 24, 2019, the agreement was amended again to allow additional reimbursement to the Riversport Foundation for management costs.

Chesapeake Boathouse Lease

On February 1, 2005, the City and the Authority entered into an agreement with the Riversport Foundation for the construction, operation and maintenance with private funds of a boathouse and facilities for the use and benefit of the Riversport Foundation and the general public to the extent permitted and upon designation of the Oklahoma River Property. The Riversport Foundation agrees to pay the Authority \$1 per year, due no later than January 15 of each year, to lease the property. The initial term of the lease is 25 years and is renewable three times for 5 years and a fourth time for 10 years, for a total of 50 years.

Oklahoma City University (OCU) - Devon Boathouse

On August 23, 2009, the Authority, the City, and OCU, entered into a boathouse lease agreement. In the agreement, OCU agreed to pay the Authority \$1 per year to lease property on the North Canadian/Oklahoma River Corridor for the construction, operation, and maintenance with private funds of a boathouse and facilities for the use and benefit of OCU and the general public for an original term of 25 years and is renewable three times for 5 years and a fourth time for 10 years, for a total of 50 years. These facilities complement other recreational and park uses in the metropolitan area and enhance opportunities for access by the public to recreational activities involving the North Canadian/Oklahoma River Corridor.

University of Central Oklahoma (UCO) / CHK - Central Boathouse

On December 17, 2013, the Authority, the City, and UCO entered into a boathouse lease agreement. In the agreement, UCO agreed to pay the Authority \$10 per year to lease property on the River for the construction, operation, and maintenance with private funds of a boathouse and facilities for the use and benefit of UCO and the general public for an original term of 25 years and is renewable five times for 5 years, for a total of 50 years. These facilities complement other recreational and park uses in the metropolitan area and enhance opportunities for access by the public to recreational activities involving the North Canadian/Oklahoma River Corridor.

Board of County Commissioners of Oklahoma County, Oklahoma County Sheriff's Department Training Facility

The City owns, and the Authority operates, a parcel of land at NE 36th and Air Depot Boulevard. In 1987 the Authority and the City agreed to lease a portion of that property to the Oklahoma County Sheriff's Department for 25 years. In exchange, the Sheriff's Department agreed to construct and operate a training facility. In August 2011, the boundaries of the leased property were expanded and the descriptions of the responsibilities of each party to the agreement were updated and a new term of 25 years was applied.

Oklahoma Department of Public Safety, Law Enforcement Training Facility

On December 8, 2015, the City and the Authority amended an agreement with Board of County Commissioners of Oklahoma County so that an agreement could be made with the Oklahoma Department of Public Safety (ODPS) for the construction of a maintenance building, training classrooms, additional offices, and a gym to improve the Law Enforcement Training Facility currently located on site. In consideration, the ODPS pays to the Authority \$10 per year. The agreement will terminate after 25 years and can be renewed upon mutual agreement.

Riversport Foundation MAPS3 Racecourse Starting System/Management Agreement

On November 27, 2012, the Authority recommended an agreement between the City and the Riversport Foundation to provide management, maintenance, and operation of the North Canadian/Oklahoma River Corridor Racecourse Starting Systems and related appurtenances. A memorandum of understanding was approved for such in November 2012, between the City and the Riversport Foundation.

Owens Corning

On June 6, 2006, the City and the Authority entered into an agreement with Owens Corning for the rental of land described in the lease. The lease was renewed in March 2016 and Owens Corning agreed to pay the Authority \$500 annually on or before April 1st of each year through 2021.

Steve Allen Agricultural Lease

On January 21, 2020, the City and the Authority renewed the lease agreement for land with Steve Allen to be used for agricultural purposes. In exchange, the Lessee will pay to the Authority \$600 before the beginning of each agreement term. The primary term was effective March 1, 2020, and is valid through August 31, 2021, with 2 one-year renewal options.

Samuel Owens Agriculture Lease

On March 12, 2019, the City and the Authority entered into a lease agreement with Samuel Owens for land located on the north side of the Oklahoma River east of Portland Avenue for cattle grazing. In exchange, the Lessee will pay to the Authority \$500 on or before April 1st of each year. The terms of the agreement are valid through March 11, 2020, with 2 one-year renewal options. The second renewal option was effective on March 12, 2020, and shall expire on March 31, 2021. On June 16, 2020, the lease was amended to expand the leasehold and increase the annual payment by \$500.

EPIC Paintball Park, LLC

On August 26, 2014, the City and the Authority entered into an agreement with EPIC Paintball Park, LLC for the construction, operation, management and maintenance of a recreational paintball facility for public use. The lease is in effect for five years beginning September 1, 2014 and can be renewed for one additional 5 year term. In consideration, EPIC Paintball Park, LLC will pay to the Authority \$500 annually in advance of the effective date of the lease. On October 8, 2019, the lease was renewed until August 31, 2020.

City Care, Inc. - Crystal Lake

The City and the Authority renewed the agreement with City Care, Inc. to provide maintenance, operations, development and programming of Crystal Lake for a unique urban venture for mentored children's groups to enjoy outdoor activities and nature education programs as well as related public use opportunities. In consideration, City Care agrees to pay to the City and the Authority \$10 per year for the term of 5 years beginning November 8, 2015, and is renewable for an additional 5-year term. On August 13, 2019, the City accepted City Care's termination of the agreement, effective July 13, 2019.

Lost Lakes Development, LLC

On May 17, 2016, the City and the Authority entered into an agreement with Lost Lakes Development, LLC to use a portion of Authority property, in conjunction with adjacent private property, to create and operate an outdoor recreation and entertainment venue open to the public. In exchange, the lessee will pay the Authority 5% of parking, camping, and special event revenues other than festivals and concerts. The lease payment is due semi-annually, beginning November, 2017. The initial term of the lease is 5 years and is renewable for up to 3 five-year terms, for a total of 20 years.

Latin and American Soccer League of Oklahoma, Inc. (Soccer Club)

On September 26, 2017, the City, OCRRA, and Wheeler District, LLC f/k/a Humphreys Partners 2006, LLC approved a Real Estate Exchange Agreement resulting in the City and OCRRA gaining ownership of property near Southwest 22nd Street and Walker Avenue that was subleased to the Soccer Club. On July 31, 2018, the Soccer Club's lease was assigned to OCRRA. The lease stipulated a month-to-month term with rent at \$200 per month. This month-to-month stipulation ended in May 2019. On June 18, 2019, OCRRA and the Soccer Club entered into a new annual lease effective for three years and is renewable for one additional 3 year term. In consideration, the Soccer Club will pay to the Authority \$2,500 annually.

I. B. 2. BASIC FINANCIAL STATEMENTS

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

Authority-Wide Financial Statements

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

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

Fund Financial Statements

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

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

Authority-Wide Financial Statements

The financial statements of the Authority are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The statement of net position and statement of activities report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Capital assets are recorded when purchased or constructed and depreciated over their useful lives.

Fund Financial Statements

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

I. C. BUDGET LAW AND PRACTICE

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

**I. D. POLICIES RELATED TO ASSETS, 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. Unrestricted investments are managed by the City Treasurer. The Authority's governing board has formally adopted the City's updated deposit and investment policy in November 2017. Where applicable, deposit and investment policies are specified in the respective bond indentures.

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

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 a 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. RECEIVABLES AND UNCOLLECTIBLE AMOUNTS

Receivables are from oil and gas royalties and are estimated based on the prior quarter's receipts. All receivables are due within 90 days of year end. The receivables are considered fully collectible and no allowance for uncollectible amounts has been recorded.

I. D. 4. PREPAIDS

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

Property and equipment are stated at actual or estimated historical cost. The Authority generally capitalizes assets with cost of \$50,000 or more as purchases and construction outlays occur. Capital assets are reported in the statement of net position and depreciated using the straight line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

	<u>Estimated Useful life</u>
Buildings	10 - 50
Infrastructure and improvements other than buildings	10 - 50
Mobile equipment, furniture, machinery, and equipment	5 - 20

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

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

I. D. 6. RETAINAGES

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

I. D. 7. FUND EQUITY

Fund Balance

Non-Spendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

Assigned fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by formal action of the City Finance Director.

Unassigned Fund Balance

Unassigned fund balance includes fund balance which has not been classified within the above mentioned categories.

Fund Balance Usage

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

Net Position

Net position invested in capital assets, net of related debt, 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.

I. E. USE OF ESTIMATES

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

I. F. RISK MANAGEMENT

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

The Authority has no costs or liabilities related to risk management activities. Costs and liabilities for commercial insurance, stop-loss insurance, and claims paid are recorded in the City Risk Management Fund and the OCMFA Services Fund.

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 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 operations. However, if the pandemic continues to evolve it is likely to have a negative impact on revenue from event permit and oil and gas royalties.

I. G. MAJOR REVENUES

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

I. H. TAX STATUS

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

II. ASSETS AND DEFERRED INFLOWS OF RESOURCES

DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned or the Authority will not be able to recover collateral securities in the possession of an outside party. The Authority policy requires deposits to be 110 percent secured by collateral valued at market or par, whichever is lower, less the amount covered by Federal deposit 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 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 institution's 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, less Federal depository insurance.

Investments

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

		June 30, 2020						
		Fair Value/ Carrying Amount	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Measured at NAV (1)	Average Credit Quality/ Ratings (2)	Weighted Average (months) (3)
<u>Cost</u>								
Money market (4)(5)	<u>\$497,355</u>	<u>\$497,355</u>	<u>\$497,355</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	AAA/Aaa	1.33

		June 30, 2019						
		Fair Value/ Carrying Amount	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Measured at NAV (1)	Average Credit Quality/ Ratings (2)	Weighted Average (months) (3)
<u>Cost</u>								
Money market (4)(5)	<u>\$212,490</u>	<u>\$212,490</u>	<u>\$212,490</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	AAA/Aaa	1.10

- (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

The following is a description of the valuation methodologies used for assets measured at fair value in the tables above. There have been no changes in the methodologies used at June 30, 2020 and 2019.

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.

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 excluding U.S. government securities and those issued by government sponsored enterprises, SLGs, and City judgments. Additionally, no more than 5% of the total Authority portfolio may be placed with any single financial institution excluding U.S. government securities and those issued by government sponsored enterprises, savings, money market funds, SLGS, City judgments and repurchase agreements.

Portfolio Structure (1)

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

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

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

Investments Held by Others

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

Compliance with State Restrictions

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

II. B. ACCOUNTS RECEIVABLE

Oil and gas royalty receivables at June 30, 2020 and 2019, were \$2,667 and \$8,462, respectively. Lease revenue receivables at June 30, 2020 and 2019, were \$333 and \$375, respectively. There are no accounts receivable past due more than 90 days.

II. C. CAPITAL ASSETS

Changes in Capital Assets

	2020						Total Capital Assets, net
	Capital Assets, not depreciated			Capital Assets, depreciated			
	Land	Construction In Progress	Total Capital Assets, not depreciated	Infrastructure	Equipment	Total Capital Assets, depreciated	
<u>CAPITAL ASSETS</u>							
Balance, June 30, 2019	\$32,144		\$32,144	\$3,224,918	\$193,156	\$3,418,074	\$3,450,218
Balance, June 30, 2020	32,144		32,144	3,224,918	193,156	3,418,074	3,450,218
<u>ACCUMULATED DEPRECIATION</u>							
Balance, June 30, 2019				829,673	193,156	1,022,829	1,022,829
Increases				58,767	-	58,767	58,767
Balance, June 30, 2020				888,440	193,156	1,081,596	1,081,596
Capital Assets, Net	\$32,144		\$32,144	\$2,336,478	\$-	\$2,336,478	\$2,368,622
	2019						Total Capital Assets, net
	Capital Assets, not depreciated			Capital Assets, depreciated			
	Land	Construction In Progress	Total Capital Assets, not depreciated	Infrastructure	Equipment	Total Capital Assets, depreciated	
<u>CAPITAL ASSETS</u>							
Balance, June 30, 2018	\$32,144		\$32,144	\$3,224,918	\$193,156	\$3,418,074	\$3,450,218
Balance, June 30, 2019	32,144		32,144	3,224,918	193,156	3,418,074	3,450,218
<u>ACCUMULATED DEPRECIATION</u>							
Balance, June 30, 2018				770,906	193,156	964,062	964,062
Increases				58,767	-	58,767	58,767
Balance, June 30, 2019				829,673	193,156	1,022,829	1,022,829
Capital Assets, Net	\$32,144		\$32,144	\$2,395,245	\$-	\$2,395,245	\$2,427,389

Depreciation Expense

Depreciation expense of \$58,767 in 2020 and 2019, respectively, was charged to the Authority's riverfront redevelopment activities.

III. LIABILITIES AND DEFERRED OUTFLOWS OF RESOURCES

III. A. UNEARNED REVENUES

The Authority receives future lease payments on five annual leases that begin in March, April and September of each year. Unearned revenue on these leases as of June 30, 2020 and 2019, is \$2,350 and \$3,461, respectively.

III. B. DEFERRED INFLOWS OF RESOURCES

Unavailable Revenues

At June 30, 2020 and 2019, the Authority reported receivable but unavailable oil and gas revenues of \$1,001 and \$2,822, respectively.

IV. FUND EQUITY

IV. A. FUND BALANCE

Assigned

	<u>2020</u>	<u>2019</u>
Assigned for encumbrances	<u>\$139,833</u>	<u>\$-</u>

Unassigned

	<u>2020</u>	<u>2019</u>
Unassigned	<u>\$44,976</u>	<u>\$183,213</u>

IV. B. NET POSITION

Net Investment in Capital Assets

	<u>2020</u>	<u>2019</u>
Capital assets, net	<u>\$2,368,622</u>	<u>\$2,427,389</u>

Unrestricted

	<u>2020</u>	<u>2019</u>
Unrestricted	<u>\$185,810</u>	<u>\$186,035</u>

V. LEASE REVENUES

Cancelable Leases

	<u>2020</u>	<u>2019</u>
Land and Property rentals		
Owens Corning	\$500	\$500
Steve Allen Agriculture	534	500
Samuel Owens Agriculture	645	500
Epic Paintball	500	408
Riversport Foundation Annex	1,488	1,323
Lost Lakes	2,000	6,325
Latin and American Soccer League	<u>2,502</u>	<u>2,805</u>
	<u>\$8,169</u>	<u>\$12,361</u>

VI. INTERFUND TRANSACTIONS

VI. A. INTERFUND RECEIVABLE AND PAYABLE

Receivable from COTPA

The Authority entered into a thirty (30) year renewable agreement with COTPA for exclusive access and use of the Oklahoma River Corridor infrastructure development sites for operation of the water transportation system for a fee of \$25 per year. For the fiscal year ending June 30, 2020, the fee will not be collected and there is no receivable due to the de minimus intent of the lease.

Receivable from the City General Fund

At June 30, 2020 and 2019, the Authority had receivables of \$3,460 and \$2,195, respectively, from the City General Fund for deposits collected by the City and not yet remitted to the Authority.

Payable to the City

City General Fund

At June 30, 2020 and 2019, the Authority had payables to the City General Fund of \$35,393 for mowing chargebacks from the City parks department. In 2020, the Authority had a payable of \$273,314 related to unspent transfers for pump repairs. In 2019, the Authority also had a payable of \$35 related to the purchase of a name placard for the new surrogate general manager.

VI. B. INTERFUND PAYMENTS

Payments from the City General Fund

In November of 2019, the Authority received a payment of \$28,054 from the City General Fund to fund reimbursement from City Manager contingency for the repair costs of the ozone generator at the Whitewater Facility. In February of 2020, the Authority received a payment of \$486,740 from the City General Fund to fund pump repairs, of which \$273,314 was unspent at June 30, 2020. In 2019, the Authority received a payment of \$1,240,385 from the City General Fund to fund reimbursement of the Riversport Rapids Facility start-up costs incurred by the Riversport Foundation in accordance with the amended lease and operation agreement.

Payments from the City Capital Improvement Fund

In September of 2019, the Authority received a payment of \$1,500,000 from the City Capital Improvement Fund to fund reimbursement of the Riversport Rapids Facility management fee incurred by the Riversport Foundation in accordance with the amended lease and operation agreement.

Payments to the COTPA River Mobility Fund

The Authority is involved in the planning, funding, and marketing of the Oklahoma River Cruises and has participated financially in the Oklahoma River Cruises Sales and Marketing Plan since its inception in 2008. For the fiscal years ending June 30, 2020 and 2019, the Authority had payments to COTPA of \$25,000 for the Authority's share of the annual marketing campaigns.

VI. C. OTHER INTERFUND TRANSACTIONS

Mowing Services

At June 30, 2020 and 2019, the Authority paid \$35,393 for mowing along the river. Payments are reported with other services and charges.

VII. CONTRACT COMMITMENTS

The Authority has entered into contracts for management consulting services, auditing services, and engineering services required for the planning, development, operation and maintenance of projects related to the North Canadian/Oklahoma River Corridor. As of June 30, 2020, the Authority had outstanding commitments of \$139,833 for pump repairs. As of June 30, 2019, the Authority had no outstanding commitments under these contracts.

VIII. RELATED PARTY TRANSACTIONS

ORFE

As of June 30, 2020 and 2019, the market value of the ORFE investment was \$1,112,465 and \$1,141,900, respectively. In October 2019 and 2018, distributions were received of \$50,683 and \$45,653, respectively, based upon the fund balance reaching the one million dollar threshold and approval of the advisory committee.

IX. SUBSEQUENT EVENT

On July 21, 2020, the Authority approved Amendment No. 4 to the Riversport Rapids Facility Agreement, providing Riversport Foundation with a one-time management fee not to exceed \$1,500,000.

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

To the Board of Trustees
Oklahoma City Riverfront Redevelopment 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 and the major fund of the Oklahoma City Riverfront Redevelopment Authority (Authority), a discrete 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 on 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