



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, 2018



THE OKLAHOMA CITY MUNICIPAL FACILITIES AUTHORITY

A Blended Component Unit of
Oklahoma City, Oklahoma

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Annual Financial Report for the Fiscal Year Ended June 30, 2018

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

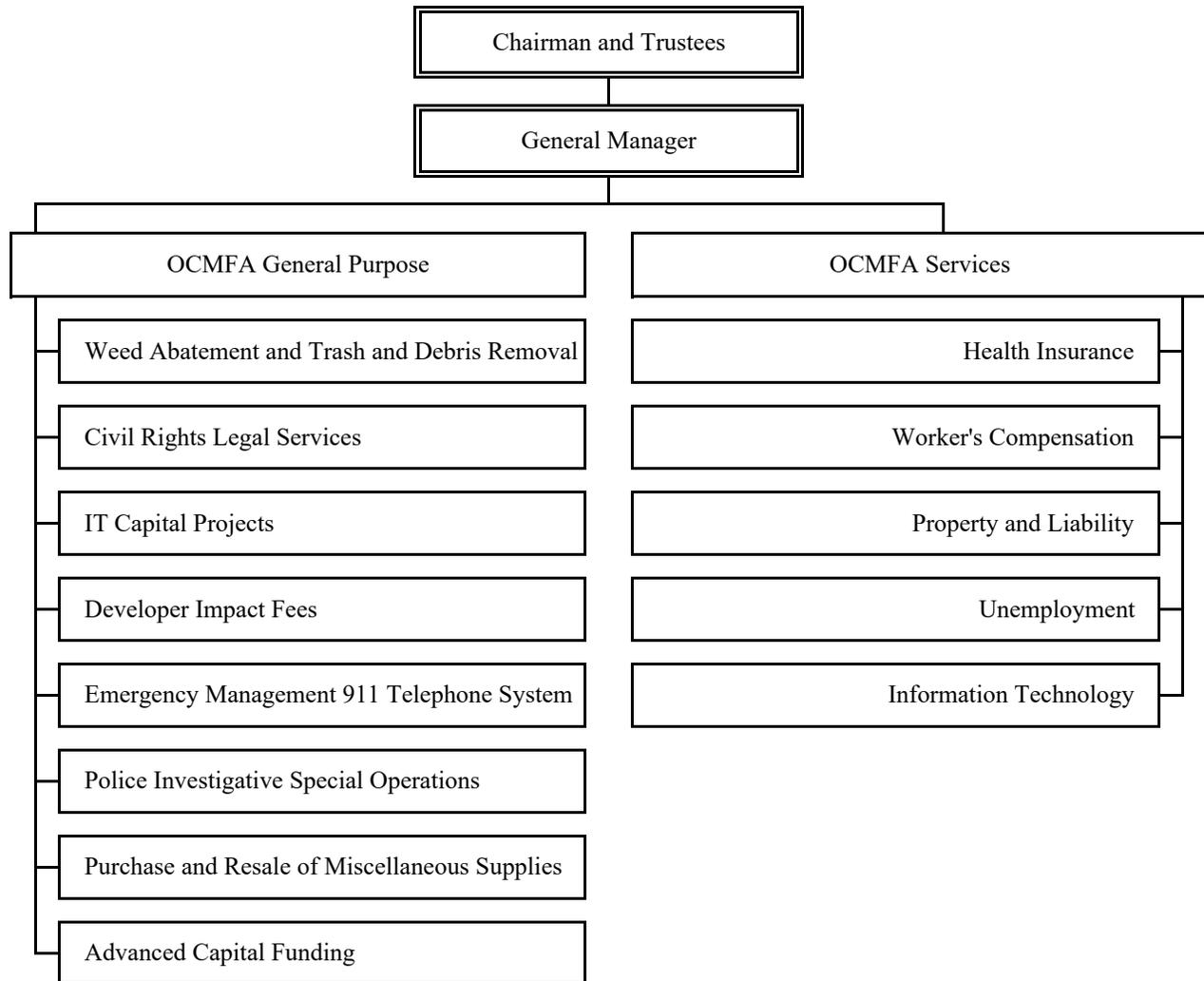
OKLAHOMA CITY MUNICIPAL FACILITIES AUTHORITY

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Oklahoma City Municipal Facilities Authority Organization Chart



Introductory Section



The City of
OKLAHOMA CITY
DEPARTMENT OF FINANCE

November 16, 2018

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, 2018 and 2017, 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.

On March 30, 2017, the Services Fund entered into a purchase agreement with a note payable to finance the new P25 Phase II trunked radio system that replaced the existing emergency communication system serving the city. The General Purpose Fund prefunded bond projects mainly for streets, bridges, and traffic improvement projects. This prefunding process continues to serve as an effective tool in shortening the length of construction time on voter approved general obligation bond projects.

Oklahoma City's recovery from the regional recession caused by the significant downturn in the energy industry took hold during fiscal year 2018. Higher oil and natural gas prices have meant significant gains in employment and investment in the energy sector and have led to broad economic strength in Oklahoma. While Oklahoma City has a diverse economic base, the energy industry still has a major impact on the health of the local economy. Going forward, Oklahoma City has a number of factors in its favor. 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 is being recognized more and more as a great place to work, live, and visit. According to CNBC and Go Banking Rates, Oklahoma City was the number 1 city in the country where wages most outpaced expenses based on average annual income and average monthly living expenses. Oklahoma City was ranked as one of the top 10 "Best Cities for New Small Businesses" based on average annual revenue and profitability. The website OnlineDegrees.com rated the Oklahoma City metro as the number eleven "Best Big Cities for New Grads." Business Insider rated Oklahoma City as number 8 on their list of most popular cities everyone wants to live in right now based on factors such as migration ratio and growth rate. Southern Living magazine and Money magazine both ranked Oklahoma City as a top destination for travel.

In his February 6, 2018 report, 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. Dr. Evans highlighted state economic performance relative to the U.S. economy and how the two diverged significantly between 2015-early 2017 with Oklahoma impacted by the contraction in the oil and gas industry. Dr. Evans noted how important the metro areas in Oklahoma have become to the state economy and how much better Oklahoma City has performed on his macroeconomic performance index compared to Tulsa and the rest of the state. The macroeconomic index tracks employment, income and business creation. Dr. Evans forecasted U.S. Gross Domestic Product (GDP) to grow at a rate of 2.2% in 2018 and 2.1% in 2019. He is projecting higher growth in Oklahoma with projected gross state product growth of 3.6% in 2018 and 3.2% in 2019. The outlook for Oklahoma City is also very positive, with projections for steady growth in population, per capita personal income, and employment. Dr. Evans' fiscal forecast for Oklahoma City projects sales tax growth in FY19 of 3.0%-3.3%.

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.

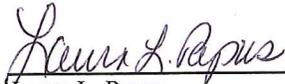
Respectfully submitted:



James D. Couch
General Manager



Craig A. Freeman
City of Oklahoma City Finance Director



Laura L. Papas
City of Oklahoma City 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, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our 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, 2018 and 2017, and the respective changes in its financial position and its cash flows 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 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 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.

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 accompanying transmittal letter is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2018 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 16, 2018
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, 2018 and 2017. 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 \$34,404,085 (net position) at June 30, 2018. This compares to the previous year when assets exceeded liabilities by \$35,081,422.
- Total assets for the Authority increased by \$4,707,569 (5.0%) to \$99,166,174 during the fiscal year.
- Total liabilities for the Authority increased by \$5,384,906 (9.1%) to \$64,762,089 during the fiscal year.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$12,741,244 and \$13,100,526 for 2018 and 2017, respectively, includes property and equipment, net of accumulated depreciation and related debt.
 - (2) Restricted net position for capital projects of \$1,447,869 and \$1,347,589 for 2018 and 2017, respectively, is constrained for capital projects.
 - (3) Restricted net position for public safety of \$169,414 and \$237,357 for 2018 and 2017, respectively, is constrained for federal and state asset forfeiture and purchase and maintenance of police and fire equipment.
 - (4) Unrestricted net position is \$20,045,558 for 2018 and \$20,395,950 for 2017.
- The Authority's governmental fund reported total ending fund balance of \$16,147,716 this year. This compares to the prior year ending fund balance of \$16,004,855, showing an increase of \$142,861 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, 2018 is \$34,404,085. This is a decrease of \$677,337 from the June 30, 2017 net position of \$35,081,422. Overall the Authority's financial position declined during fiscal year 2018.

Summary of Net Position

	Governmental		Business-type		Total		2018 - 2017	Governmental	Business-type	Total	2017 - 2016
	Activities		Activities		2018	2017		Activities	Activities		
	2018	2017	2018	2017			% Change	2016	2016	% Change	
Assets											
Current assets	\$20,860,887	\$20,551,933	\$54,589,967	\$54,022,149	\$75,450,854	\$74,574,082	1.2%	\$20,841,624	\$46,696,262	\$67,537,886	10.4%
Capital assets, net	9,956,497	10,613,785	8,504,925	2,865,861	18,461,422	13,479,646	37.0	11,557,482	391,973	11,949,455	12.8
Other non-current assets	203,060	304,303	5,050,838	6,100,574	5,253,898	6,404,877	(18.0)	91,625	7,597,771	7,689,396	(16.7)
Total assets	31,020,444	31,470,021	68,145,730	62,988,584	99,166,174	94,458,605	5.0	32,490,731	54,686,006	87,176,737	8.4
Liabilities											
Current liabilities	3,733,503	3,335,350	27,290,055	19,493,278	31,023,558	22,828,628	35.9	3,146,677	20,614,934	23,761,611	(3.9)
Non-current liabilities	-	-	33,738,531	36,548,555	33,738,531	36,548,555	(7.7)	-	27,945,000	27,945,000	30.8
Total liabilities	3,733,503	3,335,350	61,028,586	56,041,833	64,762,089	59,377,183	9.1	3,146,677	48,559,934	51,706,611	14.8
Net position											
Net investment in											
capital assets	9,956,497	10,591,413	2,784,747	2,509,113	12,741,244	13,100,526	(2.7)	11,557,482	391,973	11,949,455	9.6
Restricted for:											
Capital projects	1,447,869	1,347,589	-	-	1,447,869	1,347,589	7.4	1,110,657	-	1,110,657	21.3
Public safety	169,414	237,357	-	-	169,414	237,357	(28.6)	318,259	-	318,259	(25.4)
Unrestricted	15,713,161	15,958,312	4,332,397	4,437,638	20,045,558	20,395,950	(1.7)	16,357,656	5,734,099	22,091,755	(7.7)
Total net position	\$27,286,941	\$28,134,671	\$7,117,144	\$6,946,751	\$34,404,085	\$35,081,422	(1.9)	\$29,344,054	\$6,126,072	\$35,470,126	(1.1)

Governmental activities current assets increased by \$309 thousand in 2018 and decreased by \$290 thousand in 2017. Cash and investments for governmental activities increased by \$1.99 million for 2018 and \$59 thousand for 2017. Governmental activities accounts receivable decreased by \$464 thousand in 2018 and \$226 thousand in 2017 primarily related to increased collections for nuisance abatement fees receivables in both years. Governmental activities receivable from the City decreased by \$1.21 million in 2018 and increased by \$111 thousand in 2017 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, decreased by \$28 thousand and \$223 thousand in 2018 and 2017, respectively.

Business-type activities current assets increased by \$568 thousand and \$7.33 million in 2018 and 2017, respectively. Cash and investments for business-type activities decreased by \$304 thousand for 2018 and increased by \$9.78 million for 2017. Business-type activities accounts receivable decreased by \$4 thousand and \$2.60 million in 2018 and 2017, respectively, related to collections of insurance proceeds for property damage claims. Business-type activities receivable from the City increased \$1.28 million in 2018 primarily due to an increase for a loan to the Oklahoma City Public Property Authority (OCPPA) for the Civic Center sound system. Receivable from the City decreased by \$26 thousand in 2017, primarily due to decreases in the receivables due from various City funds for cell phone equipment.

Capital assets in governmental activities decreased by \$657 thousand in 2018 primarily due to normal depreciation. Capital assets in governmental activities decreased by \$944 thousand in 2017 primarily due to normal depreciation of \$976 thousand. Capital assets in business-type activities increased by \$5.64 million in 2018 primarily due to purchases of \$6.20 million. Capital assets in business-type activities increased by \$2.47 million in 2017 primarily due to purchases of \$2.65 million.

Other non-current assets for governmental activities decreased by \$101 thousand in 2018 and increased by \$213 thousand in 2017. Receivable from the City decreased by \$289 thousand in 2018 related to payments from the City General Obligation Bond Fund and reclassifications to current receivable from the City. Receivable from the City increased by \$289 thousand in 2017 related to prefunding project costs. Non-current prepaid expenses increased by \$187 thousand in 2018 and decreased by \$76 thousand in 2017 related to the normal renewal and amortization of long-term prepaid software licenses and support.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018 and 2017

OKLAHOMA CITY MUNICIPAL
FACILITIES AUTHORITY

Other non-current assets for business-type activities decreased by \$1.05 million and \$1.50 million in 2018 and 2017, respectively. In 2018, amounts receivable from the City decreased by \$1.02 million primarily related to a \$3.45 million decrease in unfunded liabilities related to cost reimbursement advances, offset by an increase of \$2.52 million receivable from OCPPA for the Civic Center sound system loan. In 2017, amounts receivable from the City decreased by \$1.40 million primarily related to changes in overfunding of cost reimbursement advances.

Current liabilities for governmental activities increased by \$398 thousand and \$189 thousand in 2018 and 2017, respectively. Accounts payable and accrued expenses increased by \$25 thousand and \$28 thousand in 2018 and 2017, respectively. Amounts due to other City funds related to changes in unfunded liabilities for cost reimbursement advances increased by \$373 thousand and \$160 thousand in 2018 and 2017, respectively.

Business-type activities current liabilities increased by \$7.80 million in 2018 and decreased by \$1.12 million in 2017. Accounts payable increased by \$1.89 million and decreased by \$327 thousand primarily related to the timing of vendor payments in 2018 and 2017, respectively. Payables to the City increased by \$7.47 million in 2018 and decreased by \$1.03 million in 2017 primarily related to changes in unfunded liabilities for cost reimbursement advances. Notes and estimated claims payable decreased by \$1.83 million and increased by \$161 thousand for changes in actuarially determined estimated insurable claims in 2018 and 2017, respectively.

Non-current liabilities for business-type activities decreased by \$2.81 million for 2018 due to a decrease in estimated claims and notes payable of \$2.62 million including a \$2.01 million decrease for changes in actuarially determined estimated insurable claims. Non-current liabilities for business-type activities increased by \$8.60 million in 2017 due to the addition of the long-term portion of the P25 Radio System note payable of \$9.83 million and an increase of \$2.48 million in payables to various City funds and component units related to prefunded portions of the P25 Radio System, offset by a decrease of \$3.71 million in the actuarially determined liability for worker's compensation.

Summary of Changes in Net Position

	Governmental		Business-type		Total		2018 - 2017 % Change	Governmental	Business-type	Total	2017 - 2016 % Change
	Activities		Activities		2018	2017		Activities	Activities		
	2018	2017	2018	2017				2016	2016		
Revenues											
Charges for services	\$1,057,727	\$1,461,898	\$54,963,016	\$52,107,084	\$56,020,743	\$53,568,982	4.6%	\$1,548,466	\$48,438,796	\$49,987,262	7.2%
Operating grants and contributions	498,364	472,099	842,844	2,337,865	1,341,208	2,809,964	(52.3)	335,392	204,901	540,293	420.1
Capital grants and contributions	-	-	-	-	-	-	0.0	714	-	714	(100.0)
General revenues	490,079	180,104	19,060	65,661	509,139	245,765	107.2	856,629	73,821	930,450	(73.6)
Total revenues	2,046,170	2,114,101	55,824,920	54,510,610	57,871,090	56,624,711	2.2	2,741,201	48,717,518	51,458,719	10.0
Program expenses											
General government	902,129	762,045	-	-	902,129	762,045	18.4	1,136,363	-	1,136,363	(32.9)
Public safety	88,246	171,511	-	-	88,246	171,511	(48.5)	246,465	-	246,465	(30.4)
Public services	1,775,141	2,260,376	-	-	1,775,141	2,260,376	(21.5)	2,351,596	-	2,351,596	(3.9)
Culture and recreation	128,384	129,552	-	-	128,384	129,552	(0.9)	129,552	-	129,552	0.0
Risk management	-	-	55,111,360	53,514,901	55,111,360	53,514,901	3.0	-	50,410,090	50,410,090	6.2
Information technology	-	-	543,167	175,030	543,167	175,030	210.3	-	756,120	756,120	(76.9)
Total expenses	2,893,900	3,323,484	55,654,527	53,689,931	58,548,427	57,013,415	2.7	3,863,976	51,166,210	55,030,186	3.6
Transfers	-	-	-	-	-	-	0.0	86,507	(86,507)	-	0.0
Changes in net position	(847,730)	(1,209,383)	170,393	820,679	(677,337)	(388,704)	(74.3)	(1,036,268)	(2,535,199)	(3,571,467)	89.1
Beginning net position	28,134,671	29,344,054	6,946,751	6,126,072	35,081,422	35,470,126	(1.1)	30,380,322	8,661,271	39,041,593	(9.1)
Ending net position	\$27,286,941	\$28,134,671	\$7,117,144	\$6,946,751	\$34,404,085	\$35,081,422	(1.9)	\$29,344,054	\$6,126,072	\$35,470,126	(1.1)

Governmental activities charges for services decreased by \$404 thousand for 2018 primarily due to a decrease of \$284 thousand in nuisance abatement fines for weed abatement and debris removal and a decrease of \$120 thousand in impact fees. Charges for services decreased by \$87 thousand for 2017 primarily due to a decrease of \$185 thousand in nuisance abatement fines for weed abatement and trash and debris removal, offset by an increase of \$98 thousand in impact fees. Governmental general revenues increased by \$310 thousand for 2018 primarily due to an increase in investment income of \$354 thousand. Governmental general revenue decreased by \$677 thousand for 2017 primarily due to a decrease in investment income of \$542 thousand and a decrease of \$207 thousand in abandoned and unsecured housing fines.

Business-type activities charges for services increased by \$2.86 million and \$3.67 million for 2018 and 2017, respectively, related to increases in risk management premium revenues for life, dental, and health insurance. Operating grants and contributions decreased by \$1.50 million for 2018 and increased by \$2.13 million in 2017 related to payments from the City for capital funding.

Governmental activities program expenses decreased by \$430 thousand for 2018 and \$540 thousand for 2017. General government expenses increased by \$140 thousand for 2018 and decreased by \$374 thousand for 2017 primarily due to a decrease of \$300 thousand in payments to OCPPA to fund the purchase of a land run sculpture. Public safety expenses decreased by \$83 thousand and \$75 thousand for 2018 and 2017, respectively due to cost reimbursements from the City Asset Forfeiture Fund. Public services decreased by \$485 thousand in 2018 primarily related to a decrease of \$143 thousand in nuisance abatement administrative fees, and a decrease of \$155 thousand for trash and debris removal. Public services expenses decreased by \$91 thousand in 2017 primarily due to a \$181 thousand decrease in demolition expenses due to a large demolition project in the prior year, offset by a \$50 thousand increase in legal services related to retainer agreements and a \$47 thousand increase for nuisance abatement chargebacks.

Business-type activities program expenses for Risk Management increased by \$1.60 million for 2018 and \$3.10 million for 2017 primarily related to increases in life, dental, and health insurance premiums. Program expenses for information technology increased by \$368 thousand for 2018 due to the addition of the P25 Radio System, offset by normal depreciation, and decreased by \$581 thousand for 2017 due to normal depreciation.

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 \$16,147,716 for 2018, of which \$1,693,161 is unassigned. This compares to \$16,004,855 for 2017, of which \$1,708,499 is unassigned.

The total ending fund balance of the governmental fund for 2018 reflects an increase of \$142,861 from the ending balance for 2017. 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 \$18,461,422 and \$13,479,646 for 2018 and 2017, respectively.

Capital Assets, Net of Accumulated Depreciation

	Governmental		Business-type		Total		Total % Change	Governmental	Business-type	Total	2017 - 2016 % Change
	Activities		Activities		2018	2017		Activities	Activities		
	2018	2017	2018	2017				2016	2016		
Non-Depreciable Assets											
Land	\$5,426,913	\$5,426,913	\$ -	\$ -	\$5,426,913	\$5,426,913	0.0%	\$5,426,913	\$ -	\$5,426,913	0.0%
Total											
non-depreciable											
assets	<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
Depreciable Assets											
Improvements other than buildings	2,630,018	3,001,282	-	-	2,630,018	3,001,282	(12.4)	3,381,427	-	3,381,427	(11.2)
Buildings	1,200,819	1,289,186	39,630	42,174	1,240,449	1,331,360	(6.8)	1,377,553	44,718	1,422,271	(6.4)
Furniture, machinery, and equipment	<u>698,747</u>	<u>896,404</u>	<u>8,465,295</u>	<u>2,823,687</u>	<u>9,164,042</u>	<u>3,720,091</u>	146.3	<u>1,371,589</u>	<u>347,255</u>	<u>1,718,844</u>	116.4
Total											
depreciable											
assets	<u>4,529,584</u>	<u>5,186,872</u>	<u>8,504,925</u>	<u>2,865,861</u>	<u>13,034,509</u>	<u>8,052,733</u>	61.9	<u>6,130,569</u>	<u>391,973</u>	<u>6,522,542</u>	23.5
	<u>\$9,956,497</u>	<u>\$10,613,785</u>	<u>\$8,504,925</u>	<u>\$2,865,861</u>	<u>\$18,461,422</u>	<u>\$13,479,646</u>	37.0	<u>\$11,557,482</u>	<u>\$391,973</u>	<u>\$11,949,455</u>	12.8

The Authority's net capital assets for governmental activities as of June 30, 2018 and 2017 was \$9.96 million and \$10.61 million, respectively. The governmental activities decrease of \$657 thousand in 2018 is primarily due to normal depreciation, offset by equipment purchases of \$315 thousand. The governmental activities decrease of \$944 thousand in 2017 is primarily due to normal depreciation of \$976 thousand.

The Authority's net capital assets for business-type activities as of June 30, 2018 and 2017 was \$8.50 million and \$2.87 million, respectively. The business-type activities increase of \$5.64 million in 2018 is primarily due to equipment purchases of \$6.02 million for the P25 Radio System. The business-type activities increase of \$2.47 million in 2017 is primarily due to equipment purchases of \$2.65 million for the P25 Radio System.

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				
	<u>2018</u>	<u>2017</u>	<u>2018 - 2017</u>	<u>2016</u>	<u>2017 - 2016</u>
Notes payable	<u>\$9,832,031</u>	<u>\$10,500,137</u>	(6.4%)	<u>\$-</u>	100.0%

The \$668 thousand decrease in outstanding long-term debt in 2018 is due to scheduled debt payments. The \$10.50 million increase in outstanding long-term debt in 2017 is due to the issuance of notes payable of \$13.11 million, offset by scheduled debt payments of \$2.61 million. See Note III. C. for more information regarding changes in long-term debt.

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

	2018			2017		
	Governmental		Total	Governmental		Total
	Business-type	Business-type		Business-type	Business-type	
	Activities	Activities		Activities	Activities	
ASSETS						
CURRENT ASSETS						
Pooled cash-----	\$585,763	\$1,171,867	\$1,757,630	\$5,019,446	\$13,282,676	\$18,302,122
Non-pooled cash-----	29,640	6,704,426	6,734,066	30,796	10,571,847	10,602,643
Investments-----	17,073,553	43,987,992	61,061,545	10,651,977	28,313,996	38,965,973
Accounts receivable, net-----	1,550,157	-	1,550,157	2,013,925	4,172	2,018,097
Interest, dividends and royalties receivable-	52,482	134,877	187,359	34,867	92,271	127,138
Due within the Authority-----	-	-	-	(8,190)	8,190	-
Receivable from the City of Oklahoma City	1,467,699	1,536,523	3,004,222	2,679,912	260,360	2,940,272
Receivable from component units-----	-	6,078	6,078	-	61,797	61,797
Intergovernmental receivables-----	-	63,222	63,222	-	94,461	94,461
Prepays-----	101,593	984,982	1,086,575	129,200	1,332,379	1,461,579
Total current assets-----	20,860,887	54,589,967	75,450,854	20,551,933	54,022,149	74,574,082
NON-CURRENT ASSETS						
Receivable from the City of Oklahoma City	-	5,050,430	5,050,430	288,706	6,069,929	6,358,635
Non-current prepaids-----	203,060	408	203,468	15,597	30,645	46,242
Capital assets:						
Land-----	5,426,913	-	5,426,913	5,426,913	-	5,426,913
Other capital assets,						
net of accumulated depreciation-----	4,529,584	8,504,925	13,034,509	5,186,872	2,865,861	8,052,733
Capital assets, net-----	9,956,497	8,504,925	18,461,422	10,613,785	2,865,861	13,479,646
Total non-current assets-----	10,159,557	13,555,763	23,715,320	10,918,088	8,966,435	19,884,523
Total assets-----	31,020,444	68,145,730	99,166,174	31,470,021	62,988,584	94,458,605
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable and accrued expenses----	295,559	3,364,850	3,660,409	270,131	1,474,513	1,744,644
Payable to the City of Oklahoma City-----	3,435,514	13,094,820	16,530,334	3,062,839	5,623,463	8,686,302
Payable to component units-----	-	275,430	275,430	-	76,560	76,560
Interest payable-----	-	63,171	63,171	-	-	-
Notes and estimated claims payable-----	-	10,491,784	10,491,784	-	12,318,742	12,318,742
Unearned revenue-----	2,430	-	2,430	2,380	-	2,380
Total current liabilities-----	3,733,503	27,290,055	31,023,558	3,335,350	19,493,278	22,828,628
NON-CURRENT LIABILITIES						
Payable to component units-----	-	277,239	277,239	-	299,870	299,870
Notes and estimated claims payable-----	-	31,445,216	31,445,216	-	34,068,031	34,068,031
Payable to the City of Oklahoma City-----	-	2,016,076	2,016,076	-	2,180,654	2,180,654
Total non-current liabilities-----	-	33,738,531	33,738,531	-	36,548,555	36,548,555
Total liabilities-----	3,733,503	61,028,586	64,762,089	3,335,350	56,041,833	59,377,183
NET POSITION						
Net investment in capital assets-----	9,956,497	2,784,747	12,741,244	10,591,413	2,509,113	13,100,526
Restricted for:						
Capital projects-----	1,447,869	-	1,447,869	1,347,589	-	1,347,589
Public safety-----	169,414	-	169,414	237,357	-	237,357
Unrestricted-----	15,713,161	4,332,397	20,045,558	15,958,312	4,437,638	20,395,950
Total net position-----	\$27,286,941	\$7,117,144	\$34,404,085	\$28,134,671	\$6,946,751	\$35,081,422

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES
For the Years Ended June 30,

OKLAHOMA CITY MUNICIPAL
FACILITIES AUTHORITY

	2018			2017		
	Governmental		Business-type	Governmental		Business-type
	Activities	Activities	Total	Activities	Activities	Total
<u>PROGRAM EXPENSES</u>						
General government-----	\$902,129	\$ -	\$902,129	\$762,045	\$ -	\$762,045
Public safety - Police-----	1,887	-	1,887	1,887	-	1,887
Public safety - Other-----	86,359	-	86,359	169,624	-	169,624
Public services-----	1,775,141	-	1,775,141	2,260,376	-	2,260,376
Culture and recreation-----	128,384	-	128,384	129,552	-	129,552
Risk management-----	-	55,111,360	55,111,360	-	53,514,901	53,514,901
Information technology-----	-	543,167	543,167	-	175,030	175,030
Total expenses-----	2,893,900	55,654,527	58,548,427	3,323,484	53,689,931	57,013,415
<u>PROGRAM REVENUES</u>						
<u>CHARGES FOR SERVICES</u>						
Public services-----	1,053,753	-	1,053,753	1,457,219	-	1,457,219
Culture and recreation-----	3,974	-	3,974	4,679	-	4,679
Risk management-----	-	54,963,016	54,963,016	-	52,107,084	52,107,084
Total charges for services-----	1,057,727	54,963,016	56,020,743	1,461,898	52,107,084	53,568,982
<u>OPERATING GRANTS AND CONTRIBUTIONS</u>						
General government-----	494,132	-	494,132	459,036	-	459,036
Public safety-Other-----	588	-	588	2,362	-	2,362
Public services-----	3,644	-	3,644	10,701	-	10,701
Risk management-----	-	152,106	152,106	-	45,695	45,695
Information technology-----	-	690,738	690,738	-	2,292,170	2,292,170
Total operating grants and contributions--	498,364	842,844	1,341,208	472,099	2,337,865	2,809,964
Total program revenues-----	1,556,091	55,805,860	57,361,951	1,933,997	54,444,949	56,378,946
Net program expense-----	(1,337,809)	151,333	(1,186,476)	(1,389,487)	755,018	(634,469)
Oil and gas royalties-----	263,995	-	263,995	298,145	-	298,145
Unrestricted investment income-----	99,445	19,060	118,505	(254,754)	65,661	(189,093)
Miscellaneous-----	126,639	-	126,639	136,713	-	136,713
Total general revenues-----	490,079	19,060	509,139	180,104	65,661	245,765
Changes in net position-----	(847,730)	170,393	(677,337)	(1,209,383)	820,679	(388,704)
<u>NET POSITION BEGINNING</u>						
Net position-beginning-----	28,134,671	6,946,751	35,081,422	29,344,054	6,126,072	35,470,126
Net position-ending-----	\$27,286,941	\$7,117,144	\$34,404,085	\$28,134,671	\$6,946,751	\$35,081,422

See accompanying notes to financial statements.

**BALANCE SHEET
GOVERNMENTAL FUND
June 30,**

**OKLAHOMA CITY MUNICIPAL
FACILITIES AUTHORITY**

	<u>2018</u> General Purpose Fund	<u>2017</u> General Purpose Fund
<u>ASSETS</u>		
Pooled cash-----	\$585,763	\$5,019,446
Non-pooled cash-----	29,640	30,796
Investments-----	17,073,553	10,651,977
Accounts receivable, net-----	1,550,157	2,013,925
Interest, dividends, and royalties receivable-----	52,481	34,867
Due within the Authority-----	-	(8,190)
Receivable from the City of Oklahoma City-----	1,467,699	2,679,912
Prepays-----	304,651	144,797
Non-current receivable from the City of Oklahoma City-----	-	288,706
Total assets-----	<u>\$21,063,944</u>	<u>\$20,856,236</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>		
<u>LIABILITIES</u>		
Accounts payable and accrued expenses-----	295,556	270,131
Payable to the City of Oklahoma City-----	3,435,514	3,062,839
Unearned revenue-----	2,430	2,380
Total liabilities-----	<u>3,733,500</u>	<u>3,335,350</u>
<u>DEFERRED INFLOWS OF RESOURCES</u> -----	<u>1,182,728</u>	<u>1,516,031</u>
<u>FUND BALANCES</u>		
Non-spendable-----	304,651	144,797
Restricted-----	1,615,208	1,582,970
Committed-----	-	211
Assigned-----	12,534,696	12,568,378
Unassigned-----	1,693,161	1,708,499
Total fund balance-----	<u>16,147,716</u>	<u>16,004,855</u>
Total liabilities, deferred inflows of resources, and fund balances-----	<u>\$21,063,944</u>	<u>\$20,856,236</u>
<u>RECONCILIATION OF THE BALANCE SHEET, GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION, GOVERNMENTAL ACTIVITIES</u>		
Total fund balance-----	\$16,147,716	\$16,004,855
Capital assets, net of accumulated depreciation-----	9,956,497	10,613,785
Revenue earned but unavailable-----	1,182,728	1,516,031
Net position-governmental activities-----	<u>\$27,286,941</u>	<u>\$28,134,671</u>

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>2018</u> General Purpose Fund	<u>2017</u> General Purpose Fund
<u>REVENUES</u>		
Licenses and permits-----	\$96,636	\$216,521
Oil and gas royalties-----	263,295	290,787
Fines and forfeitures-----	1,309,696	1,328,937
Investment income-----	95,297	(238,388)
Rental income-----	4,784	4,679
Payments from the City of Oklahoma City-----	494,132	459,036
Other-----	115,632	484,163
Total revenues-----	<u>2,379,472</u>	<u>2,545,735</u>
<u>EXPENDITURES</u>		
<u>CURRENT</u>		
Payments to the City of Oklahoma City-----	245,872	114,763
General government-----	145,596	141,640
Public safety other-----	-	83,265
Public services-----	1,529,928	2,007,452
Capital outlay-----	315,215	1,563,200
Total expenditures-----	<u>2,236,611</u>	<u>3,910,320</u>
Excess of revenues over expenditures-----	142,861	(1,364,585)
<u>OTHER FINANCING SOURCES</u>		
Sale of assets-----	-	1,530,535
Net other financing uses-----	-	<u>1,530,535</u>
Net change in fund balances-----	142,861	165,950
Fund balance, beginning-----	<u>16,004,855</u>	<u>15,838,905</u>
Fund balances, ending-----	<u>\$16,147,716</u>	<u>\$16,004,855</u>
<u>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES, GOVERNMENTAL ACTIVITIES</u>		
Net change in fund balance-----	\$142,861	\$165,950
Recognition of earned but unavailable revenue-----	(333,303)	(431,636)
Depreciation expense-----	(972,503)	(976,362)
Capital outlay-----	315,215	1,563,200
Gain on disposal of assets-----	-	(1,530,535)
Change in net position-governmental activities-----	<u>(\$847,730)</u>	<u>(\$1,209,383)</u>

See accompanying notes to financial statements.

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

**OKLAHOMA CITY MUNICIPAL
 FACILITIES AUTHORITY**

	<u>2018</u> <u>OCMFA</u> <u>Services</u>	<u>2017</u> <u>OCMFA</u> <u>Services</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Pooled cash-----	\$1,171,867	\$13,282,676
Non-pooled cash-----	6,704,426	10,571,847
Investments-----	43,987,992	28,313,996
Accounts receivable, net-----	-	4,172
Interest, dividends, and royalties receivable-----	134,877	92,271
Due within the Authority-----	-	8,190
Receivable from the City of Oklahoma City-----	1,536,523	260,360
Receivable from component units-----	6,078	61,797
Intergovernmental receivables-----	63,222	94,461
Prepays-----	984,982	1,332,379
Total current assets-----	<u>54,589,967</u>	<u>54,022,149</u>
<u>NON-CURRENT ASSETS</u>		
Receivable from the City of Oklahoma City-----	5,050,430	6,069,929
Non-current prepays-----	408	30,645
Capital assets:		
Other capital assets, net of accumulated depreciation-----	8,504,925	2,865,861
Capital assets, net-----	<u>8,504,925</u>	<u>2,865,861</u>
Total non-current assets-----	<u>13,555,763</u>	<u>8,966,435</u>
Total assets-----	<u>68,145,730</u>	<u>62,988,584</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses-----	3,364,850	1,474,513
Payable to the City of Oklahoma City-----	13,094,820	5,623,463
Payable to component units-----	275,430	76,560
Interest payable-----	63,171	-
Notes and estimated claims payable-----	10,491,784	12,318,742
Total current liabilities-----	<u>27,290,055</u>	<u>19,493,278</u>
<u>NON-CURRENT LIABILITIES</u>		
Payable to component units-----	277,239	299,870
Estimated claims payable-----	31,445,216	34,068,031
Payable to the City of Oklahoma City-----	2,016,076	2,180,654
Total non-current liabilities-----	<u>33,738,531</u>	<u>36,548,555</u>
Total liabilities-----	<u>61,028,586</u>	<u>56,041,833</u>
<u>NET POSITION</u>		
Net investment in capital assets-----	2,784,747	2,509,113
Unrestricted-----	4,332,397	4,437,638
Total net position-----	<u>\$7,117,144</u>	<u>\$6,946,751</u>

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>2018</u> <u>OCMFA</u> <u>Services</u>	<u>2017</u> <u>OCMFA</u> <u>Services</u>
<u>OPERATING REVENUES</u>		
Service charges-----	\$54,950,759	\$52,107,084
Licenses, permits, and fees-----	3,596	-
Fines and forfeitures-----	812	-
Other-----	7,849	-
Total operating revenues-----	<u>54,963,016</u>	<u>52,107,084</u>
<u>OPERATING EXPENSES</u>		
Maintenance, operations, and contractual services-----	55,084,542	53,457,292
Materials and supplies-----	2,775	3,931
Depreciation-----	566,512	175,030
Total operating expenses-----	<u>55,653,829</u>	<u>53,636,253</u>
Operating loss-----	<u>(690,813)</u>	<u>(1,529,169)</u>
<u>NON-OPERATING REVENUE (EXPENSE)</u>		
Investment income-----	19,060	65,661
Payments from the City of Oklahoma City-----	842,844	2,337,865
Payments to the City of Oklahoma City-----	(698)	(53,678)
Non-operating revenue-----	<u>861,206</u>	<u>2,349,848</u>
Change in net position-----	170,393	820,679
Total net position, beginning-----	6,946,751	6,126,072
Total net position, ending-----	<u>\$7,117,144</u>	<u>\$6,946,751</u>

See accompanying notes to financial statements.

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

**OKLAHOMA CITY MUNICIPAL
 FACILITIES AUTHORITY**

	<u>2018</u> <u>OCMFA</u> <u>Services</u>	<u>2017</u> <u>OCMFA</u> <u>Services</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers-----	\$54,969,919	\$52,149,600
Cash payments to suppliers for goods and services-----	(68,547,633)	(68,735,646)
Cash payments for internal services-----	(16,912)	(11,895)
Cost reimbursements from (to) other funds-----	21,672,878	13,231,843
Other cash receipts-----	6,022	2,347,312
Net cash provided (used) by operating activities-----	8,084,274	(1,018,786)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Non-capital payments from City of Oklahoma City-----	-	2,310,997
Non-capital payments to City of Oklahoma City-----	(3,750,014)	-
Other non-capital financing cash receipts-----	12,271	-
Net cash provided (used) by non-capital financing activities-----	(3,737,743)	2,310,997
<u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u>		
Proceeds from issuance of long-term debt-----	-	13,114,809
Payments for acquisition and construction of capital assets-----	(4,018,830)	(2,542,962)
Principal paid on long-term debt-----	(668,106)	(2,614,672)
Interest paid on long-term debt-----	(198,449)	(84,263)
Capital and capital related payments from City of Oklahoma City-----	-	214,829
Proceeds from sale of assets-----	-	5,087
Net cash provided (used) by capital and capital related financing activities-----	(4,885,385)	8,092,828
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Changes in pooled investments-----	(16,027,168)	3,286,086
Investment income received-----	597,233	405,702
Purchased interest-----	(9,441)	(7,444)
Net cash provided (used) by investing activities-----	(15,439,376)	3,684,344
Net increase (decrease) in cash-----	(15,978,230)	13,069,383
Cash, beginning-----	23,854,523	10,785,140
Cash, ending-----	\$7,876,293	\$23,854,523

See accompanying notes to financial statements.

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

**OKLAHOMA CITY MUNICIPAL
 FACILITIES AUTHORITY**

	<u>2018</u> <u>OCMFA</u> <u>Services</u>	<u>2017</u> <u>OCMFA</u> <u>Services</u>
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating loss-----	(\$690,813)	(\$1,529,169)
<u>ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Depreciation-----	566,512	175,030
Other revenue (expense)-----	(8,817)	(270,238)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable-----	4,172	2,596,450
(Increase) decrease in receivable from the City of Oklahoma City-----	3,395,707	(9,587,990)
(Increase) decrease in receivable from component units-----	55,719	(54,771)
(Increase) decrease in prepaid assets-----	377,633	12,967
Increase (decrease) in accounts payable and accrued expenses-----	(296,399)	(432,926)
Increase (decrease) in payable to the City of Oklahoma City-----	8,285,989	11,877,064
Increase (decrease) in payable to component unit-----	176,238	410,676
Increase (decrease) in long-term liabilities-----	(3,944,050)	(4,092,571)
Increase (decrease) in notes, lease, and estimated claims payable-----	162,383	(123,308)
Total adjustments-----	<u>8,775,087</u>	<u>510,383</u>
Net cash provided (used) by operating activities-----	<u>8,084,274</u>	<u>(1,018,786)</u>
<u>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>		
Net increase (decrease) in fair value of investments-----	(\$353,170)	\$ -
Total non-cash investing, capital, and financing activities-----	<u>(\$353,170)</u>	<u>\$ -</u>

See accompanying notes to financial statements.

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Notes to Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. A. INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of the notes 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, 2018 and 2017.

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. 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. 2. 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. 3. 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. 4. 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. 5. 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 \$7,500 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. 6. 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. 7. 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. 8. 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. 9. 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.

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 2.50%. 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, 2018 and 2017, 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.

		2018						
	<u>Cost</u>	Fair Value/ Carrying <u>Amount</u>	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>	Measured at <u>NAV (1)</u>	Average Credit Quality/ <u>Ratings (2)</u>	Weighted Average <u>(months) (3)</u>
POOLED INVESTMENTS								
Fannie Mae	\$16,002,165	\$15,814,214	\$ -	\$15,814,214	\$ -	\$ -	AA/Aaa	13.10
Federal obligations	22,050,057	21,762,454	-	21,762,454	-	-	AA/Aaa	59.50
U.S. Treasury notes	14,024,231	13,818,122	-	13,818,122	-	-	AAA/Aaa	16.53
Money market (4)(5)	<u>9,666,755</u>	<u>9,666,755</u>	<u>9,666,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	AAA/Aaa	1.50
	<u>\$61,743,208</u>	<u>\$61,061,545</u>	<u>\$9,666,755</u>	<u>\$51,394,790</u>	<u>\$-</u>	<u>\$-</u>		

(continued)

Investments (continued)

		2017						
	Cost	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>POOLED INVESTMENTS</u>								
Fannie Mae	\$10,067,622	\$10,011,400	\$ -	\$10,011,400	\$ -	\$ -	AA/Aaa	20.47
Federal obligations	16,050,109	16,064,866	-	16,064,866	-	-	AA/Aaa	34.10
U.S. Treasury notes	10,059,503	10,010,392	-	10,010,392	-	-	AAA/Aaa	25.57
Money market (4)(5)	<u>2,879,315</u>	<u>2,879,315</u>	<u>2,879,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	AAA/Aaa	1.47
	<u>\$39,056,549</u>	<u>\$38,965,973</u>	<u>\$2,879,315</u>	<u>\$36,086,658</u>	<u>\$-</u>	<u>\$-</u>		

- (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 Percentage of Total Invested Principal		Maturity Limitations 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>2018</u>	<u>2017</u>
Radio system project account	<u>\$6,704,426</u>	<u>\$10,571,847</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>2018</u>	<u>2017</u>
<i>Governmental activities</i>		
Oil and gas royalties	\$55,819	\$53,553
Nuisance abatement	3,897,869	4,379,814
Less allowance for uncollectible accounts	<u>(2,403,531)</u>	<u>(2,419,442)</u>
	<u>\$1,550,157</u>	<u>\$2,013,925</u>
<i>Business-type activities</i>		
Refunds receivable	<u>\$ -</u>	<u>\$4,172</u>
	<u>\$ -</u>	<u>\$4,172</u>

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 amounts of \$63,222 and \$94,461 at June 30, 2018 and 2017, respectively, from the Oklahoma Emergency Management Agency to supplement matching fund requirements.

II. C. PREPAIDS

	<u>2018</u>	<u>2017</u>
<i>Governmental activities</i>		
Software license and support agreements	<u>\$304,653</u>	<u>\$144,797</u>
<i>Business-type activities</i>		
Prepaid insurance	\$804,345	\$849,756
Prepaid software license and support agreements	177,388	509,110
Medicare reporting and actuarial services	3,657	3,657
Memberships	<u>-</u>	<u>501</u>
	<u>\$985,390</u>	<u>\$1,363,024</u>

II. D. CAPITAL ASSETS

Changes in Capital Assets

	2018					
	<u>Capital Assets, not depreciated</u>	<u>Capital Assets, depreciated</u>				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, 2017	\$5,426,913	\$15,031,969	\$7,146,219	\$11,112,105	\$33,290,293	\$38,717,206
Increases	-	-	-	315,215	315,215	315,215
Decreases	-	-	-	(51,395)	(51,395)	(51,395)
Balance, June 30, 2018	<u>5,426,913</u>	<u>15,031,969</u>	<u>7,146,219</u>	<u>11,375,925</u>	<u>33,554,113</u>	<u>38,981,026</u>
<u>ACCUMULATED DEPRECIATION</u>						
Balance, June 30, 2017		12,030,687	5,857,033	10,215,701	28,103,421	28,103,421
Increases		371,264	88,367	512,872	972,503	972,503
Decreases		-	-	(51,395)	(51,395)	(51,395)
Balance, June 30, 2018		<u>12,401,951</u>	<u>5,945,400</u>	<u>10,677,178</u>	<u>29,024,529</u>	<u>29,024,529</u>
Governmental activities						
capital assets, net	<u>5,426,913</u>	<u>2,630,018</u>	<u>1,200,819</u>	<u>698,747</u>	<u>4,529,584</u>	<u>9,956,497</u>
<i>Business-type Activities</i>						
<u>CAPITAL ASSETS</u>						
Balance, June 30, 2017	-	-	218,700	26,074,546	\$26,293,246	\$26,293,246
Increases	-	-	-	6,205,576	6,205,576	6,205,576
Balance, June 30, 2018	-	-	<u>218,700</u>	<u>32,280,122</u>	<u>32,498,822</u>	<u>32,498,822</u>
<u>ACCUMULATED DEPRECIATION</u>						
Balance, June 30, 2017		-	176,526	23,250,859	23,427,385	23,427,385
Increases		-	2,544	563,968	566,512	566,512
Balance, June 30, 2018		-	<u>179,070</u>	<u>23,814,827</u>	<u>23,993,897</u>	<u>23,993,897</u>
Business-type activities						
capital assets, net	-	-	<u>39,630</u>	<u>8,465,295</u>	<u>8,504,925</u>	<u>8,504,925</u>
Capital assets, net	<u>\$5,426,913</u>	<u>\$2,630,018</u>	<u>\$1,240,449</u>	<u>\$9,164,042</u>	<u>\$13,034,509</u>	<u>\$18,461,422</u>

(continued)

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

OKLAHOMA CITY MUNICIPAL
FACILITIES AUTHORITY

Changes in Capital Assets (continued)

	2017					
	<u>Capital Assets, not depreciated</u>	<u>Capital Assets, depreciated</u>				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, 2016	\$5,426,913	\$15,031,969	\$7,146,219	\$11,079,440	\$33,257,628	\$38,684,541
Increases	-	-	-	32,665	32,665	32,665
Balance, June 30, 2017	<u>5,426,913</u>	<u>15,031,969</u>	<u>7,146,219</u>	<u>11,112,105</u>	<u>33,290,293</u>	<u>38,717,206</u>
<u>ACCUMULATED DEPRECIATION</u>						
Balance, June 30, 2016		\$11,650,542	\$5,768,666	\$9,707,851	\$27,127,059	\$27,127,059
Increases		380,145	88,367	507,850	976,362	976,362
Balance, June 30, 2017		<u>12,030,687</u>	<u>5,857,033</u>	<u>10,215,701</u>	<u>28,103,421</u>	<u>28,103,421</u>
Governmental activities						
capital assets, net	<u>5,426,913</u>	<u>3,001,282</u>	<u>1,289,186</u>	<u>896,404</u>	<u>5,186,872</u>	<u>10,613,785</u>
<i>Business-type Activities</i>						
<u>CAPITAL ASSETS</u>						
Balance, June 30, 2016	-	-	218,700	23,425,628	23,644,328	23,644,328
Increases	-	-	-	2,648,918	2,648,918	2,648,918
Balance, June 30, 2017	<u>-</u>	<u>-</u>	<u>218,700</u>	<u>26,074,546</u>	<u>26,293,246</u>	<u>26,293,246</u>
<u>ACCUMULATED DEPRECIATION</u>						
Balance, June 30, 2016		-	173,982	23,078,373	23,252,355	23,252,355
Increases		-	2,544	172,486	175,030	175,030
Balance, June 30, 2017		<u>-</u>	<u>176,526</u>	<u>23,250,859</u>	<u>23,427,385</u>	<u>23,427,385</u>
Business-type activities						
capital assets, net	<u>-</u>	<u>-</u>	<u>42,174</u>	<u>2,823,687</u>	<u>2,865,861</u>	<u>2,865,861</u>
Capital assets, net	<u>\$5,426,913</u>	<u>\$3,001,282</u>	<u>\$1,331,360</u>	<u>\$3,720,091</u>	<u>\$8,052,733</u>	<u>\$13,479,646</u>

Depreciation Expense

	<i>Governmental Activities</i>		<i>Business-type Activities</i>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General government	\$510,664	\$505,642	Risk Management	\$23,345
Police public safety	1,887	1,887	Information Technology	543,167
Public safety other	86,359	86,359		<u>\$566,512</u>
Public services	245,211	252,923		<u>\$175,030</u>
Culture and recreation	<u>128,382</u>	<u>129,551</u>		
	<u>\$972,503</u>	<u>\$976,362</u>		

III. LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

III. A. UNEARNED REVENUES

Within governmental activities, the Authority has unearned revenue of \$2,430 and \$2,380 at June 30, 2018 and 2017, 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, 2018, the balance of the note is \$9,832,031 with accrued interest of \$63,171.

Notes Payable Requirements to Maturity

	<u>Principal</u>	<u>Interest</u>
2019	\$617,815	\$248,739
2020	633,795	232,759
2021	650,188	216,366
2022	667,006	199,549
2023	684,258	182,297
2024-2028	3,696,100	636,672
2029-2032	<u>2,882,869</u>	<u>150,071</u>
	<u>\$9,832,031</u>	<u>\$1,866,453</u>

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 <u>Care</u>	Worker's <u>Compensation (1)(2)</u>	Property <u>Damage (2)</u>	<u>Total</u>
Liability balance, July 1, 2016	\$1,373,478	\$38,285,000	\$444,037	\$40,102,515
Claims and changes in estimates	17,169,471	1,442,058	1,282,468	19,893,997
Claims payments	<u>(17,292,779)</u>	<u>(6,139,058)</u>	<u>(678,039)</u>	<u>(24,109,876)</u>
Liability balance, June 30, 2017	1,250,170	33,588,000	1,048,466	35,886,636
Claims and changes in estimates	15,422,251	2,771,425	523,712	18,717,388
Claims payments	<u>(15,259,868)</u>	<u>(5,808,425)</u>	<u>(1,430,762)</u>	<u>(22,499,055)</u>
Liability balance, June 30, 2018	<u>\$1,412,553</u>	<u>\$30,551,000</u>	<u>\$141,416</u>	<u>\$32,104,969</u>
Assets available to pay claims at year end	<u>\$5,744,950</u>	<u>\$26,204,516</u>	<u>\$141,416</u>	<u>\$32,090,882</u>

- (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, 2018 and 2017, was \$34,350,000 and \$36,573,000, respectively. Claims were discounted at 2.5% and 1.75% at June 30, 2018 and 2017, 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 2018 and 2017. The costs are reimbursed by the City Risk Management Fund. The claims for both years 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>2018</u>	Fiscal Year	<u>2017</u>
2019	\$9,873,969	2018	\$11,650,636
2020	<u>22,231,000</u>	2019	<u>24,236,000</u>
	<u>\$32,104,969</u>		<u>\$35,886,636</u>

III. C. CHANGES IN LONG-TERM LIABILITIES

	2018					
	Balance July 1, 2017	Incurred	Paid	Balance June 30, 2018	Due Within One Year	Due After One Year
Notes payable -						
OCMFA Services Fund						
Risk Management	\$10,500,137	\$ -	\$668,106	\$9,832,031	\$617,815	\$9,214,216
Estimated claims payable -						
OCMFA Services Fund						
Risk Management	<u>35,886,636</u>	<u>18,717,388</u>	<u>22,499,055</u>	<u>32,104,969</u>	<u>9,873,969</u>	<u>22,231,000</u>
	<u>\$46,386,773</u>	<u>\$18,717,388</u>	<u>\$23,167,161</u>	<u>\$41,937,000</u>	<u>\$10,491,784</u>	<u>\$31,445,216</u>
	2017					
	Balance July 1, 2016	Incurred	Paid	Balance June 30, 2017	Due Within One Year	Due After One Year
Notes payable -						
OCMFA Services Fund						
Risk Management	\$ -	\$13,114,809	\$2,614,672	\$10,500,137	\$668,106	\$9,832,031
Estimated claims payable -						
OCMFA Services Fund						
Risk Management	<u>40,102,515</u>	<u>19,893,997</u>	<u>24,109,876</u>	<u>35,886,636</u>	<u>11,650,636</u>	<u>24,236,000</u>
	<u>\$40,102,515</u>	<u>\$33,008,806</u>	<u>\$26,724,548</u>	<u>\$46,386,773</u>	<u>\$12,318,742</u>	<u>\$34,068,031</u>

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, 2018 and 2017, revenue earned but unavailable for governmental activities is \$1,182,728 and \$1,516,031, respectively.

IV. NET POSITION AND FUND BALANCE

IV. A. NET POSITION

Net Investment in Capital Assets

	2018			2017		
	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	Total	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	Total
Capital assets, net	\$9,956,497	\$8,504,925	\$18,461,422	\$10,613,785	\$2,865,861	\$13,479,646
Retainage and accounts payable	-	(2,292,702)	(2,292,702)	(22,372)	(105,956)	(128,328)
Notes payable	-	(9,832,031)	(9,832,031)	-	(10,500,137)	(10,500,137)
Notes payable project account	-	6,704,426	6,704,426	-	10,571,847	10,571,847
Payable to COTPA	-	(299,871)	(299,871)	-	(322,502)	(322,502)
	<u>\$9,956,497</u>	<u>\$2,784,747</u>	<u>\$12,741,244</u>	<u>\$10,591,413</u>	<u>\$2,509,113</u>	<u>\$13,100,526</u>

Restricted for Capital Projects

	2018			2017		
	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	Total	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	Total
Restricted for capital projects	<u>\$1,447,869</u>	<u>\$-</u>	<u>\$1,447,869</u>	<u>\$1,347,589</u>	<u>\$-</u>	<u>\$1,347,589</u>

Restricted for Public Safety

	2018			2017		
	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	Total	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	Total
Restricted for Federal and state asset forfeiture	\$ -	\$ -	\$ -	\$68,531	\$ -	\$68,531
Restricted for purchase and maintenance of police and fire equipment	169,414	-	169,414	168,826	-	168,826
	<u>\$169,414</u>	<u>\$-</u>	<u>\$169,414</u>	<u>\$237,357</u>	<u>\$-</u>	<u>\$237,357</u>

Unrestricted

	2018			2017		
	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	Total	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	Total
Unrestricted	<u>\$15,713,161</u>	<u>\$4,332,397</u>	<u>\$20,045,558</u>	<u>\$15,958,312</u>	<u>\$4,437,638</u>	<u>\$20,395,950</u>

IV. B. FUND BALANCE

Non-Spendable Fund Balance

	<u>2018</u>	<u>2017</u>
Prepays	<u>\$304,651</u>	<u>\$144,797</u>

Restricted Fund Balance

	<u>2018</u>	<u>2017</u>
Restricted for Federal and state asset forfeiture	\$ -	\$68,436
Restricted for purchase and maintenance of police and fire equipment	169,194	168,603
Restricted for capital projects	<u>1,446,014</u>	<u>1,345,931</u>
	<u>\$1,615,208</u>	<u>\$1,582,970</u>

Committed Fund Balance

	<u>2018</u>	<u>2017</u>
Committed for 911 services	<u>\$-</u>	<u>\$211</u>

Assigned Fund Balance

	<u>2018</u>	<u>2017</u>
Assigned for civil defense legal fees	\$ -	\$72,713
Assigned for parks improvements, creation and maintenance	4,373,774	4,096,898
Assigned for Myriad Botanical Gardens operations	-	21,003
Assigned for bond capital projects	8,160,922	8,136,767
Assigned for encumbrances	<u>-</u>	<u>240,997</u>
	<u>\$12,534,696</u>	<u>\$12,568,378</u>

Unassigned

	<u>2018</u>	<u>2017</u>
Unassigned	<u>\$1,693,161</u>	<u>\$1,708,499</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.

CareATC, Inc.

On February 3, 2015, the OCMFA Services Fund entered into a lease agreement with the Central Oklahoma Transportation and Parking Authority for tenant space in the new Arts District Garage for operation of a City Employee Health Clinic. OCMFA has entered into a sublease agreement with CareATC, Inc. who operates the clinic on behalf of OCMFA. The initial term is for four years with a one-year renewal option. After the initial term, there is an option to renew for up to three additional five-year terms.

VI. INTERFUND TRANSACTIONS

VI. A. INTERFUND BALANCES

Payable/Receivable To/From the City

	Purpose	2018		2017	
		PAYABLE TO		PAYABLE TO	
		General Purpose Fund	OCMFA Services	General Purpose Fund	OCMFA Services
RECEIVABLE FROM					
CURRENT					
City General Fund	Nuisance abatement fees, cell equipment, employee insurance reimbursements	\$ -	\$ -	\$ -	\$2,146
City Grants Management	Grant related cost reimbursement	-	-	-	187
City General Obligation Bond Fund	Prefunded project costs	1,446,452	-	2,588,666	-
City Capital Improvement Fund	Capital improvements	21,247	-	91,246	-
City Information Technology Fund	Cell phone equipment, software licenses	-	-	-	18,138
City Water and Wastewater Fund	Cell phone equipment	-	-	-	9,553
OCPPA Golf Courses	Golf cart loans, golf pro health insurance	-	259,865	-	227,953
OCPPA Civic Center	Sound system	-	1,276,657	-	-
City Solid Waste Management Fund	Cell phone equipment	-	-	-	450
City Stormwater Drainage Fund	Cell phone equipment	-	-	-	630
MAPS3 Use Tax Fund	Cell phone equipment	-	-	-	1,303
Total current		<u>1,467,699</u>	<u>1,536,522</u>	<u>2,679,912</u>	<u>260,360</u>
NON-CURRENT					
City General Obligation Bond Fund	Prefunded project costs	-	-	288,706	-
City Information Technology Fund	Cost reimbursement	-	2,240,470	-	\$2,343,271
OCPPA Golf Courses	Golf cart loans	-	292,286	-	376,724
OCPPA Civic Center	Sound system	-	2,517,675	-	-
City Risk Management Fund	Cost reimbursement	-	-	-	3,349,934
Total non-current		-	<u>5,050,431</u>	<u>288,706</u>	<u>6,069,929</u>
Total		<u>\$1,467,699</u>	<u>\$6,586,953</u>	<u>\$2,968,618</u>	<u>\$6,330,289</u>

(continued)

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

OKLAHOMA CITY MUNICIPAL
FACILITIES AUTHORITY

Payable/Receivable To/From the City (continued)

	<u>Purpose</u>	<u>2018</u>		<u>2017</u>	
		<u>RECEIVABLE FROM</u>		<u>RECEIVABLE FROM</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	\$267,023	\$ -	\$184,169	\$ -
City General Fund	Purchasing card reimbursement, cell phone equipment, software licenses	-	17,699	-	41,507
City General Fund	Cost reimbursement	33,513	22,418	-	28,107
City Grants Management Fund	Grant related cost reimbursement	-	63,223	-	94,462
City Police/Fire Equipment Sales Tax	Capital equipment	-	5,991	10,619	5,991
City Fire Fund	Capital equipment	-	97,087	-	97,087
City Stormwater Drainage Fund	Public works administrative charges	5,729	-	1,424	-
City Print Shop Fund	Postage	-	320	-	2,676
City Risk Management Fund	Cost reimbursement	-	11,274,135	-	3,408,213
City Asset Forfeiture Fund	Cost reimbursement	91,770	-	-	-
City Information Technology Fund	Cost reimbursement	3,037,479	1,552,447	2,866,627	1,883,920
City Airport Fund	Capital equipment	-	34,112	-	34,112
City Zoo Fund	Capital equipment	-	27,388	-	27,388
Total current		<u>3,435,514</u>	<u>13,094,820</u>	<u>3,062,839</u>	<u>5,623,463</u>
<u>NON-CURRENT</u>					
City Police/Fire Equipment Sales Tax	Capital equipment	-	73,395	-	\$79,386
City Fire Fund	Capital equipment	-	1,189,315	-	1,286,402
City Airport Fund	Capital equipment	-	417,867	-	451,979
City Zoo Fund	Capital equipment	-	335,499	-	362,887
Total non-current		-	<u>2,016,076</u>	-	<u>2,180,654</u>
Total		<u>\$3,435,514</u>	<u>\$15,110,896</u>	<u>\$3,062,839</u>	<u>\$7,804,117</u>

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, 2018 and 2017, the Authority reported an amount receivable from the City General Obligation Bond Fund of \$1,446,452 and \$2,877,372 for unreimbursed prefunded fees, of which \$1,446,452 and \$2,588,666 is reported as a current receivable, respectively.

Receivable From Oklahoma City Public Property Authority (OCPPA)

OCPPA General Purpose Fund Civic Center Sound System Loan

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. The loan will be repaid with six annual payments at an interest rate of 2.64% beginning June 1, 2018 with final payment to be made on June 1, 2023. The principal due at June 30, 2018 is \$3,706,000 of which \$1,276,657 is reported as a current receivable including accrued interest of \$88,332.

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 will be 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, 2018 and 2017 is \$376,723 and \$596,045 of which \$225,039 and \$220,445 is reported as a current receivable including accrued interest of \$709 and \$1,123, respectively.

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, is \$174,380 of which \$34,826 is reported as a current receivable including accrued interest of \$339.

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, 2018 and 2017.

		<u>2018</u>	
	Information Technology	Police & Court Administration	Civil Rights Defense
Advance balance, July 1, 2017	(\$2,866,627)	\$ -	\$ -
Prior year reimbursement	-	(68,531)	(72,846)
Other services	2,972,337	47,195	314,878
Materials and supplies	571,031	-	-
Investment income	(12,016)	(434)	(545)
Other income	(4,098)	-	-
Capital outlay	337,586	-	-
Reimbursement from the City	<u>(4,035,692)</u>	<u>(70,000)</u>	<u>(275,000)</u>
Advance balance, June 30, 2018	<u>(\$3,037,479)</u>	<u>(\$91,770)</u>	<u>(\$33,513)</u>

(continued)

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

OKLAHOMA CITY MUNICIPAL
FACILITIES AUTHORITY

	<u>2017</u>		
	Information <u>Technology</u>	Police & Court <u>Administration</u>	Civil Rights <u>Defense</u>
Advance balance, July 1, 2016	(\$2,381,828)	\$ -	\$ -
Other services	2,939,022	-	-
Materials and supplies	352,320	-	-
Investment income	(25,769)	-	-
Other income	(9,928)	-	-
Reimbursement from the City	<u>(3,740,444)</u>	<u>-</u>	<u>-</u>
Advance balance, June 30, 2017	<u>(\$2,866,627)</u>	<u>\$-</u>	<u>\$-</u>

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

The City Risk Management 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 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, 2018 and 2017.

	<u>2018</u>				
	Worker's <u>Compensation</u>	Property <u>and Liability</u>	Total Risk <u>Management</u>	Unemployment	Information <u>Technology</u>
Advance balance, July 1, 2017	\$3,349,934	(\$3,408,213)	(\$58,279)	(\$28,107)	\$459,351
Other services	4,033,531	1,836,376	5,869,907	170,914	3,965,624
Materials and supplies	2,254	(2)	2,252	-	42,589
Investment income	(234,271)	(16,360)	(250,631)	(125)	(7,409)
Other income	(6,022)	-	(6,022)	-	(199,480)
Capital outlay	151,408	-	151,408	-	6,024,530
Change in long-term debt	-	-	-	-	(5,333,793)
Interest on debt	-	-	-	-	261,619
Reimbursement from the City	<u>(14,251,925)</u>	<u>(2,730,845)</u>	<u>(16,982,770)</u>	<u>(165,100)</u>	<u>(4,525,008)</u>
Advance balance, June 30, 2018	<u>(\$6,955,091)</u>	<u>(\$4,319,044)</u>	<u>(\$11,274,135)</u>	<u>(\$22,418)</u>	<u>\$688,023</u>

	<u>2017</u>				
	Worker's <u>Compensation</u>	Property <u>and Liability</u>	Total Risk <u>Management</u>	Unemployment	Information <u>Technology</u>
Advance balance, July 1, 2016	\$6,872,384	(\$4,668,668)	\$2,203,716	(\$7,982)	(\$1,619,097)
Other services	2,780,764	3,753,942	6,534,706	157,738	3,638,551
Materials and supplies	-	-	-	-	47,727
Investment income	(281,464)	(27,538)	(309,002)	(189)	(17,282)
Other income	(3,095)	229,291	226,196	-	(29,150)
Capital outlay	-	-	-	-	2,648,918
Interest on debt	-	-	-	-	84,263
Reimbursement from the City	<u>(6,018,655)</u>	<u>(2,695,240)</u>	<u>(8,713,895)</u>	<u>(177,674)</u>	<u>(4,294,579)</u>
Advance balance, June 30, 2017	<u>\$3,349,934</u>	<u>(\$3,408,213)</u>	<u>(\$58,279)</u>	<u>(\$28,107)</u>	<u>\$459,351</u>

Payable To Component Units of the City

The OCMFA Services Fund, Property and Liability, reported \$252,798 payable to OCAT for insurable repair claims at June 30, 2018.

The OCMFA Services Fund, Information Technology Radio System Debt Service Fund, reported \$299,871 payable to COTPA at June 30, 2018 for prefunding related to the new P25 Radio System.

VI. B. INTERFUND TRANSFERS AND PAYMENTS

Payments To/From the City

		<u>2018</u>		<u>2017</u>	
		<u>PAYMENTS TO</u>		<u>PAYMENTS TO</u>	
	<u>Purpose</u>	<u>General</u>	<u>OCMFA</u>	<u>General</u>	<u>OCMFA</u>
		<u>Purpose Fund</u>	<u>Services Fund</u>	<u>Purpose Fund</u>	<u>Services Fund</u>
<u>PAYMENTS FROM</u>					
City General Fund	Operating subsidies	\$156,546	\$ -	\$405,337	\$ -
City Information Technology Fund	Capital funding	337,586	690,738	-	2,292,170
City Risk Management Fund	Capital funding	-	152,106	-	45,695
City Capital Improvement Fund	Capital funding	-	-	53,699	-
		<u>\$494,132</u>	<u>\$842,844</u>	<u>\$459,036</u>	<u>\$2,337,865</u>

		<u>2018</u>		<u>2017</u>	
		<u>PAYMENTS FROM</u>		<u>PAYMENTS FROM</u>	
	<u>Purpose</u>	<u>General</u>	<u>OCMFA</u>	<u>General</u>	<u>OCMFA</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	\$72,846	\$ -	\$ -	\$7,983
City Grants Management Fund	Grant matching funds	-	698	-	45,695
City Capital Improvement Fund	Capital funding	104,495	-	-	-
City Asset Forfeiture Fund	Cost reimbursement	68,531	-	-	-
City Information Technology Fund	Cost reimbursement	-	-	90,763	-
City Special Purpose Fund	Return of excess capital funding	-	-	24,000	-
		<u>\$245,872</u>	<u>\$698</u>	<u>\$114,763</u>	<u>\$53,678</u>

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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, 2018**

**OKLAHOMA CITY MUNICIPAL
FACILITIES AUTHORITY**

	Risk Management					Information Technology	Total
	Health Care	Worker's Compensation	Property and Liability	Unemployment Insurance	Total Risk Management		
	<u>Insurance</u>	<u>Compensation</u>	<u>Liability</u>	<u>Insurance</u>	<u>Management</u>		
ASSETS							
CURRENT ASSETS							
Pooled cash-----	\$208,450	\$775,132	\$134,077	\$1,825	\$1,119,484	\$52,383	\$1,171,867
Non-pooled cash-----	-	-	-	-	-	6,704,426	6,704,426
Investments-----	6,105,392	32,351,620	3,966,828	56,233	42,480,073	1,507,919	43,987,992
Interest, dividends and royalties receivable-----	18,758	99,132	12,175	171	130,236	4,641	134,877
Receivable from the City of Oklahoma City-----	-	1,536,523	-	-	1,536,523	-	1,536,523
Receivable from component units-----	-	-	1,495	-	1,495	4,583	6,078
Intergovernmental receivables-----	-	-	63,222	-	63,222	-	63,222
Prepays-----	-	205,221	602,413	-	807,634	177,348	984,982
Total current assets-----	6,332,600	34,967,628	4,780,210	58,229	46,138,667	8,451,300	54,589,967
NON-CURRENT ASSETS							
Receivable from the City of Oklahoma City-----	-	2,809,961	-	-	2,809,961	2,240,469	5,050,430
Prepays-----	-	-	369	-	369	39	408
Capital assets:							
Other capital assets,							
net of accumulated depreciation-----	-	157,699	-	-	157,699	8,347,226	8,504,925
Capital assets, net-----	-	157,699	-	-	157,699	8,347,226	8,504,925
Total non-current assets-----	-	2,967,660	369	-	2,968,029	10,587,734	13,555,763
Total assets-----	6,332,600	37,935,288	4,780,579	58,229	49,106,696	19,039,034	68,145,730
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable and accrued expenses-----	586,279	301,133	4,098	35,812	927,322	2,437,528	3,364,850
Payable to the City of Oklahoma City-----	1,371	6,955,092	4,382,267	22,417	11,361,147	1,733,673	13,094,820
Payable to component units-----	-	-	252,798	-	252,798	22,632	275,430
Interest payable-----	-	-	-	-	-	63,171	63,171
Notes and estimated claims payable-----	1,412,553	8,320,000	141,416	-	9,873,969	617,815	10,491,784
Total current liabilities-----	2,000,203	15,576,225	4,780,579	58,229	22,415,236	4,874,819	27,290,055
NON-CURRENT LIABILITIES							
Payable to component units-----	-	-	-	-	-	277,239	277,239
Notes and estimated claims payable-----	-	22,231,000	-	-	22,231,000	9,214,216	31,445,216
Payable to the City of Oklahoma City-----	-	-	-	-	-	2,016,076	2,016,076
Total non-current liabilities-----	-	22,231,000	-	-	22,231,000	11,507,531	33,738,531
Total liabilities-----	2,000,203	37,807,225	4,780,579	58,229	44,646,236	16,382,350	61,028,586
NET POSITION							
Net investment in capital assets-----	-	128,063	-	-	128,063	2,656,684	2,784,747
Unrestricted-----	4,332,397	-	-	-	4,332,397	-	4,332,397
Total net position-----	\$4,332,397	\$128,063	\$ -	\$ -	\$4,460,460	\$2,656,684	\$7,117,144

**COMBINING STATEMENT OF NET POSITION
OCMFA SERVICES FUND
June 30, 2017**

**OKLAHOMA CITY MUNICIPAL
FACILITIES AUTHORITY**

	Risk Management						Information Technology	Total
	Health Care Insurance	Worker's Compensation	Property and Liability	Unemployment Insurance	Total Risk Management			
ASSETS								
CURRENT ASSETS								
Pooled cash-----	\$1,995,093	\$9,436,907	\$1,400,270	\$14,707	\$12,846,977	\$435,699	\$13,282,676	
Non-pooled cash-----	-	-	-	-	-	10,571,847	10,571,847	
Investments-----	4,253,038	20,119,020	2,987,013	31,361	27,390,432	923,564	28,313,996	
Accounts receivable, net-----	-	-	4,172	-	4,172	-	4,172	
Interest, dividends and royalties receivable-----	13,860	65,565	9,734	102	89,261	3,010	92,271	
Due within the Authority-----	-	-	-	-	-	8,190	8,190	
Receivable from the City of Oklahoma City-----	9,654	220,444	-	-	230,098	30,262	260,360	
Receivable from component units-----	-	-	-	-	-	61,797	61,797	
Intergovernmental receivables-----	-	-	94,461	-	94,461	-	94,461	
Prepays-----	501	208,764	637,271	-	846,536	485,843	1,332,379	
Total current assets-----	6,272,146	30,050,700	5,132,921	46,170	41,501,937	12,520,212	54,022,149	
NON-CURRENT ASSETS								
Receivable from the City of Oklahoma City-----	-	3,726,658	-	-	3,726,658	2,343,271	6,069,929	
Prepays-----	-	-	7,378	-	7,378	23,267	30,645	
Capital assets:								
Other capital assets,								
net of accumulated depreciation-----	-	-	-	-	-	2,865,861	2,865,861	
Capital assets, net-----	-	-	-	-	-	2,865,861	2,865,861	
Total non-current assets-----	-	3,726,658	7,378	-	3,734,036	5,232,399	8,966,435	
Total assets-----	6,272,146	33,777,358	5,140,299	46,170	45,235,973	17,752,611	62,988,584	
LIABILITIES								
CURRENT LIABILITIES								
Accounts payable and accrued expenses-----	581,663	189,300	535,231	18,066	1,324,260	150,253	1,474,513	
Payable to the City of Oklahoma City-----	2,675	58	3,502,674	28,104	3,533,511	2,089,952	5,623,463	
Payable to component units-----	-	-	53,928	-	53,928	22,632	76,560	
Notes and estimated claims payable-----	1,250,170	9,352,000	1,048,466	-	11,650,636	668,106	12,318,742	
Total current liabilities-----	1,834,508	9,541,358	5,140,299	46,170	16,562,335	2,930,943	19,493,278	
NON-CURRENT LIABILITIES								
Payable to component units-----	-	-	-	-	-	299,870	299,870	
Estimated claims payable-----	-	24,236,000	-	-	24,236,000	9,832,031	34,068,031	
Payable to the City of Oklahoma City-----	-	-	-	-	-	2,180,654	2,180,654	
Total non-current liabilities-----	-	24,236,000	-	-	24,236,000	12,312,555	36,548,555	
Total liabilities-----	1,834,508	33,777,358	5,140,299	46,170	40,798,335	15,243,498	56,041,833	
NET POSITION								
Net investment in capital assets-----	-	-	-	-	-	2,509,113	2,509,113	
Unrestricted-----	4,437,638	-	-	-	4,437,638	-	4,437,638	
Total net position-----	\$4,437,638	\$ -	\$ -	\$ -	\$4,437,638	\$2,509,113	\$6,946,751	

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
OCMFA SERVICES FUND
For the Year Ended June 30, 2018**

**OKLAHOMA CITY MUNICIPAL
FACILITIES AUTHORITY**

	Risk Management					Information Technology	Total
	Health Care Insurance	Worker's Compensation	Property and Liability	Unemployment Insurance	Total Risk Management		
OPERATING REVENUES							
Service charges-----	\$54,950,759	\$ -	\$ -	\$ -	\$54,950,759	\$ -	\$54,950,759
Licenses, permits, and fees-----	3,596	-	-	-	3,596	-	3,596
Fines and forfeitures-----	812	-	-	-	812	-	812
Other-----	7,849	-	-	-	7,849	-	7,849
Total operating revenues-----	54,963,016	-	-	-	54,963,016	-	54,963,016
OPERATING EXPENSES							
Maintenance, operations, and contractual services-----	55,084,542	-	-	-	55,084,542	-	55,084,542
Materials and supplies-----	2,775	-	-	-	2,775	-	2,775
Depreciation-----	-	23,345	-	-	23,345	543,167	566,512
Total operating expenses-----	55,087,317	23,345	-	-	55,110,662	543,167	55,653,829
Operating income (loss)-----	(124,301)	(23,345)	-	-	(147,646)	(543,167)	(690,813)
NON-OPERATING REVENUE (EXPENSE)							
Investment income-----	19,060	-	-	-	19,060	-	19,060
Payments to the City of Oklahoma City-----	-	-	(698)	-	(698)	-	(698)
Payments from the City of Oklahoma City-----	-	151,408	698	-	152,106	690,738	842,844
Net non-operating revenue	19,060	151,408	-	-	170,468	690,738	861,206
Changes in net position-----	(105,241)	128,063	-	-	22,822	147,571	170,393
Total net position, beginning-----	4,437,638	-	-	-	4,437,638	2,509,113	6,946,751
Total net position, ending-----	\$4,332,397	\$128,063	\$ -	\$ -	\$4,460,460	\$2,656,684	\$7,117,144

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
OCMFA SERVICES FUND
For the Year Ended June 30, 2017**

**OKLAHOMA CITY MUNICIPAL
FACILITIES AUTHORITY**

	Risk Management					Information Technology	Total
	Health Care Insurance	Worker's Compensation	Property and Liability	Unemployment Insurance	Total Risk Management		
<u>OPERATING REVENUES</u>							
Service charges-----	\$52,107,084	\$ -	\$ -	\$ -	\$52,107,084	\$ -	\$52,107,084
Total operating revenues-----	52,107,084	-	-	-	52,107,084	-	52,107,084
<u>OPERATING EXPENSES</u>							
Maintenance, operations, and contractual services-----	53,457,292	-	-	-	53,457,292	-	53,457,292
Materials and supplies-----	3,931	-	-	-	3,931	-	3,931
Depreciation-----	-	-	-	-	-	175,030	175,030
Total operating expenses-----	53,461,223	-	-	-	53,461,223	175,030	53,636,253
Operating income (loss)-----	(1,354,139)	-	-	-	(1,354,139)	(175,030)	(1,529,169)
<u>NON-OPERATING REVENUE (EXPENSE)</u>							
Investment income-----	65,661	-	-	-	65,661	-	65,661
Payments to the City of Oklahoma City-----	-	-	(45,695)	(7,983)	(53,678)	-	(53,678)
Payments from the City of Oklahoma City-----	-	-	45,695	-	45,695	2,292,170	2,337,865
Net non-operating revenue (expense)-----	65,661	-	-	(7,983)	57,678	2,292,170	2,349,848
Changes in net position-----	(1,288,478)	-	-	(7,983)	(1,296,461)	2,117,140	820,679
Total net position, beginning-----	5,726,116	-	-	7,983	5,734,099	391,973	6,126,072
Total net position, ending-----	\$4,437,638	\$ -	\$ -	\$ -	\$4,437,638	\$2,509,113	\$6,946,751

COMBINING STATEMENT OF CASH FLOWS
OCMFA SERVICES FUND
For the Year Ended June 30, 2018

OKLAHOMA CITY MUNICIPAL
FACILITIES AUTHORITY

	Risk Management						
	Health Care Insurance	Worker's Compensation	Property and Liability	Unemployment Insurance	Total Risk Management	Information Technology	Total
	<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>						
Cash received from customers-----	\$54,969,919	\$ -	\$ -	\$ -	\$54,969,919	\$ -	\$54,969,919
Cash payments to suppliers for goods and services-----	(54,901,459)	(6,987,104)	(3,030,442)	(153,165)	(65,072,170)	(3,475,463)	(68,547,633)
Cash payments for internal services-----	(16,912)	-	-	-	(16,912)	-	(16,912)
Cost reimbursements from (to) other funds-----	-	14,251,925	2,730,845	165,100	17,147,870	4,525,008	21,672,878
Other cash receipts-----	-	6,022	-	-	6,022	-	6,022
Net cash provided (used) by operating activities-----	51,548	7,270,843	(299,597)	11,935	7,034,729	1,049,545	8,084,274
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>							
Non-capital payments to City of Oklahoma City-----	-	(3,749,316)	(698)	-	(3,750,014)	-	(3,750,014)
Other non-capital financing cash receipts and payments-----	-	-	-	-	-	12,271	12,271
Net cash provided (used) by non-capital financing activities-----	-	(3,749,316)	(698)	-	(3,750,014)	12,271	(3,737,743)
<u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u>							
Payments for acquisition and construction of capital assets-----	-	(151,409)	-	-	(151,409)	(3,867,421)	(4,018,830)
Principal paid on long-term debt-----	-	-	-	-	-	(668,106)	(668,106)
Interest paid on long-term debt-----	-	-	-	-	-	(198,449)	(198,449)
Net cash provided (used) by capital and related financing activities-----	-	(151,409)	-	-	(151,409)	(4,733,976)	(4,885,385)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>							
Changes in pooled investments-----	(1,913,691)	(12,470,468)	(1,015,726)	(25,165)	(15,425,050)	(602,118)	(16,027,168)
Investment income received-----	76,730	445,696	50,567	361	573,354	23,879	597,233
Purchased interest-----	(1,230)	(7,121)	(739)	(13)	(9,103)	(338)	(9,441)
Net cash used by investing activities-----	(1,838,191)	(12,031,893)	(965,898)	(24,817)	(14,860,799)	(578,577)	(15,439,376)
Net decrease in cash-----	(1,786,643)	(8,661,775)	(1,266,193)	(12,882)	(11,727,493)	(4,250,737)	(15,978,230)
Cash, beginning-----	1,995,093	9,436,907	1,400,270	14,707	12,846,977	11,007,546	23,854,523
Cash, ending-----	\$208,450	\$775,132	\$134,077	\$1,825	\$1,119,484	\$6,756,809	\$7,876,293
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>							
Operating income (loss)-----	(\$124,301)	(\$23,345)	\$ -	\$ -	(\$147,646)	(\$543,167)	(\$690,813)
<u>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>							
Depreciation-----	-	23,345	-	-	23,345	543,167	566,512
Other revenue (expense)-----	-	(234,271)	(16,360)	(125)	(250,756)	241,939	(8,817)
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable-----	-	-	4,172	-	4,172	-	4,172
(Increase) decrease in receivable from the City of Oklahoma City-----	7,508	3,349,934	-	-	3,357,442	38,265	3,395,707
(Increase) decrease in receivable from component units-----	-	-	(1,495)	-	(1,495)	57,214	55,719
(Increase) decrease in prepaid assets-----	501	3,543	41,867	-	45,911	331,722	377,633
Increase (decrease) in accounts payable and accrued expenses-----	4,616	82,196	(531,123)	17,746	(426,565)	130,166	(296,399)
Increase (decrease) in payable to the City of Oklahoma City-----	841	7,106,441	911,522	(5,686)	8,013,118	272,871	8,285,989
Increase (decrease) in payable to component unit-----	-	-	198,870	-	198,870	(22,632)	176,238
Increase (decrease) in long-term liabilities-----	-	(3,037,000)	(907,050)	-	(3,944,050)	-	(3,944,050)
Increase (decrease) in notes, lease, and estimated claims payable-----	162,383	-	-	-	162,383	-	162,383
Total adjustments-----	175,849	7,294,188	(299,597)	11,935	7,182,375	1,592,712	8,775,087
Net cash provided (used) by operating activities-----	\$51,548	\$7,270,843	(299,597)	\$11,935	\$7,034,729	\$1,049,545	\$8,084,274
<u>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>							
Net increase (decrease) in fair value of investments-----	(61,337)	(237,868)	(35,909)	(293)	(335,407)	(17,763)	(353,170)
Total non-cash investing, capital, and financing activities-----	(\$61,337)	(\$237,868)	(\$35,909)	(\$293)	(\$335,407)	(\$17,763)	(\$353,170)

**COMBINING STATEMENT OF CASH FLOWS
OCMFA SERVICES FUND
For the Year Ended June 30, 2017**

**OKLAHOMA CITY MUNICIPAL
FACILITIES AUTHORITY**

	Risk Management						Information Technology	Total
	Health Care Insurance	Worker's Compensation	Property and Liability	Unemployment Insurance	Total Risk Management			
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>								
Cash received from customers-----	\$52,118,398	\$ -	\$ -	\$ -	\$52,118,398	\$31,202	\$52,149,600	
Cash payments to suppliers for goods and services-----	(54,351,906)	(7,425,181)	(2,883,599)	(163,158)	(64,823,844)	(3,911,802)	(68,735,646)	
Cash payments for internal services-----	(11,895)	-	-	-	(11,895)	-	(11,895)	
Cost reimbursements from (to) other funds-----	-	6,018,655	2,740,935	177,674	8,937,264	4,294,579	13,231,843	
Other cash receipts-----	-	3,094	2,344,218	-	2,347,312	-	2,347,312	
Net cash provided (used) by operating activities-----	(2,245,403)	(1,403,432)	2,201,554	14,516	(1,432,765)	413,979	(1,018,786)	
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>								
Non-capital payments from City of Oklahoma City-----	-	-	12	-	12	2,310,985	2,310,997	
Net cash provided by non-capital financing activities-----	-	-	12	-	12	2,310,985	2,310,997	
<u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u>								
Proceeds from issuance of long-term debt-----	-	-	-	-	-	13,114,809	13,114,809	
Payments for acquisition and construction of capital assets-----	-	-	-	-	-	(2,542,962)	(2,542,962)	
Principal paid on long-term debt-----	-	-	-	-	-	(2,614,672)	(2,614,672)	
Interest paid on long-term debt-----	-	-	-	-	-	(84,263)	(84,263)	
Capital and capital related payments from City of Oklahoma City----	-	214,829	-	-	214,829	-	214,829	
Proceeds from sale of assets-----	-	-	-	-	-	5,087	5,087	
Net cash provided by capital and related financing activities-----	-	214,829	-	-	214,829	7,877,999	8,092,828	
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>								
Changes in pooled investments-----	2,023,709	2,592,118	(1,375,147)	(7,918)	3,232,762	53,324	3,286,086	
Investment income received-----	72,464	291,905	23,608	168	388,145	17,557	405,702	
Purchased interest-----	(1,118)	(5,290)	(785)	(8)	(7,201)	(243)	(7,444)	
Net cash provided (used) by investing activities-----	2,095,055	2,878,733	(1,352,324)	(7,758)	3,613,706	70,638	3,684,344	
Net increase (decrease) in cash-----	(150,348)	1,690,130	849,242	6,758	2,395,782	10,673,601	13,069,383	
Cash, beginning-----	2,145,441	7,746,777	551,028	7,949	10,451,195	333,945	10,785,140	
Cash, ending-----	\$1,995,093	\$9,436,907	\$1,400,270	\$14,707	\$12,846,977	\$11,007,546	\$23,854,523	
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>								
Operating income (loss)-----	(\$1,354,139)	\$ -	\$ -	\$ -	(\$1,354,139)	(\$175,030)	(\$1,529,169)	
<u>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>								
Depreciation-----	-	-	-	-	-	175,030	175,030	
Other revenue (expense)-----	-	(281,464)	(50,479)	(189)	(332,132)	61,894	(270,238)	
Changes in assets and liabilities:								
(Increase) decrease in accounts receivable-----	-	-	2,596,450	-	2,596,450	-	2,596,450	
(Increase) decrease in receivable from the City of Oklahoma City	1,653	3,522,449	45,695	-	3,569,797	(13,157,787)	(9,587,990)	
(Increase) decrease in receivable from component units-----	-	-	-	-	-	(54,771)	(54,771)	
(Increase) decrease in prepaid assets-----	1,109	12,599	(88,252)	-	(74,544)	87,511	12,967	
Increase (decrease) in accounts payable and accrued expenses----	(785,257)	39,030	485,900	(5,419)	(265,746)	(167,180)	(432,926)	
Increase (decrease) in payable to the City of Oklahoma City-----	14,539	954	(1,446,117)	20,124	(1,410,500)	13,287,564	11,877,064	
Increase (decrease) in payable to component unit-----	-	-	53,928	-	53,928	356,748	410,676	
Increase (decrease) in long-term liabilities-----	-	(4,697,000)	604,429	-	(4,092,571)	-	(4,092,571)	
Increase (decrease) in notes, lease, and estimated claims payable-	(123,308)	-	-	-	(123,308)	-	(123,308)	
Total adjustments-----	(891,264)	(1,403,432)	2,201,554	14,516	(78,626)	589,009	510,383	
Net cash provided (used) by operating activities-----	(2,245,403)	(1,403,432)	2,201,554	14,516	(1,432,765)	413,979	(1,018,786)	

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 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) as of and for the years ended June 30, 2018 and 2017, and the related notes to the 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 16, 2018.

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 audits 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 audits 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 16, 2018
Wichita, Kansas