

To the Board of Directors  
**Oklahoma City Public Property Authority**  
Oklahoma City, Oklahoma

We are pleased to present this report related to our audit of the basic financial statements of the Oklahoma City Public Property Authority (Authority), a component unit of Oklahoma City, Oklahoma, as of and for the year ended June 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Authority's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Consistent with this requirement, the following summarizes our responsibilities regarding the basic financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

Our governance letter addressed to the Mayor and City Council of the City of Oklahoma City (City), issued in connection with our financial statement audit of the City, includes information on pending Governmental Accounting Standards Board statements yet to be implemented by the Authority as well as additional comments and suggestions related to cybersecurity risks, comprehensive policy and procedure reviews and various AGH resources. A copy of the City's governance letter may be obtained from the City's Finance Department, Accounting Services Division, at 100 North Walker, Suite 300, Oklahoma City, OK 73102.

The following summarizes various matters that must be communicated to you under auditing standards generally accepted in the United States of America.

### **Our Responsibilities With Regard to the Financial Statement and Compliance Audit**

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our arrangement letter dated July 5, 2023. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

### **Overview of the Planned Scope and Timing of the Financial Statement Audit**

We have issued a separate communication dated July 26, 2023 regarding the planned scope and timing of our audit and identified significant risks. We made no significant changes to the scope or timing of our procedures.

### **Accounting Policies and Practices**

Preferability of Accounting Policies and Practices - Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies - Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. The Authority adopted four accounting standards, as described in the notes to the basic financial statements; however, they did not

have a material impact on the financial statements. There were also no changes in existing significant accounting policies during the current year.

Significant Accounting Policies - We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant or Unusual Transactions - We did not identify any significant or unusual transactions.

Management's Judgments and Accounting Estimates - Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Authority's financial statements.

- Net Other Post-Employment Benefit (OPEB) Liability: The Authority contracts with an external actuary to develop an estimate for the annual OPEB cost, which pertains to health care offered to retirees. The amount calculated by the actuary is then reduced by actual claims paid for retirees, resulting in a net OPEB liability at year-end to record as a liability. As a basis for our conclusions, we reviewed the assumptions used for reasonableness and recalculated the liability.
- Net Pension Liability: The Authority's pension systems contract with an external actuary to develop an estimate for the actuarial value of plan assets as well as the actuarial accrued liability for each plan. The valuations performed by the external actuary incorporate a number of assumptions, including among others, a rate of return on investments, projected salary increases, mortality rates, and assumptions related to increases in benefits. We performed procedures to test the completeness and accuracy of information provided to the actuary as a basis for their calculations. We also obtained an understanding of the methods and assumptions used by the actuary, evaluating them for compliance with generally accepted accounting principles and consistency from year to year.

### **Audit Adjustments**

We had two audit adjustments proposed by us and recorded by management:

- In the Authority's General Fund: to decrease receivables and revenue by \$319,000 to account for collections made prior to the end of year.
- In the Authority's Governmental Activities: to increase capital assets and decrease expenses by \$130,358 to properly capitalize assets.

### **Uncorrected Misstatements**

Uncorrected misstatements are summarized below. Uncorrected misstatements or matters underlying these uncorrected misstatements could potentially cause future period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

- An uncorrected misstatement in the Authority's Golf Fund to increase current year depreciation and accumulated depreciation by \$41,308.

- An uncorrected misstatement in the Authority's Golf Fund to decrease accounts payable and expense for items paid before year-end \$40,000.
- An uncorrected misstatement in the Authority's Golf Fund to increase subscription payable and subscription assets by \$32,400.
- An uncorrected misstatement in the Authority's Golf Fund to increase current year depreciation and accumulated depreciation by \$34,018.
- An uncorrected misstatement in the Authority's General Fund and Governmental Activities to decrease current year revenue and increase beginning fund balance/net position to account for timing of lease revenue by \$144,731.

### **Management Representations**

In connection with our audit procedures, we have obtained a written management representation letter. This representation letter constitutes written acknowledgments by management that it has the primary responsibility for the fair presentation of the financial statements in conformity with generally accepted accounting principles and also includes the more significant and specific oral representations made by officers and employees during the course of the audit. The letter is intended to reduce the possibility of misunderstandings between us and the Authority and reminds the signing officers to consider seriously whether all material liabilities, commitments and contingencies or other important financial information have been brought to our attention.

### **Other Information Included in Annual Reports**

Our responsibility for other information included in annual reports is to read the information and consider whether its content or the manner of its presentation is materially inconsistent with the financial information covered by our auditor's report, whether it contains a material misstatement of fact or whether the other information is otherwise misleading. We read the Authority's transmittal letter. We did not identify material inconsistencies with the audited basic financial statements.

### **Observations About the Audit Process**

We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit year; we encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements; we are not aware of any consultations management had with other accountants about accounting or auditing matters; no significant issues arising from the audit were discussed or the subject of correspondence with management; we did not encounter any difficulties in dealing with management relating to the performance of the audit; and we did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

### **Shared Responsibilities for Independence**

Independence is a **joint responsibility** and is managed most effectively when management, audit committees, and audit firms work together in considering compliance with AICPA and *Government Accountability Office* (GAO) independence rules. For Allen, Gibbs & Houlik, L.C. (AGH) to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and AGH each play an important role.

### **Our Responsibilities**

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. AGH is to ensure that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality control over compliance with independence rules and firm policies.

### **The Authority's Responsibilities**

- Timely inform AGH, before the effective date of transactions or other business changes, of the following:
  - New affiliates, directors, officers, or persons in financial reporting and compliance oversight roles.
  - Changes in the reporting entity impacting affiliates such as subsidiaries, partnerships, related entities, investments, joint ventures, component units, and jointly governed organizations.
- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the Authority and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with AGH.
- Not entering into arrangements of nonaudit services resulting in AGH being involved in making management decisions on behalf of the Authority.
- Not entering into relationships resulting in AGH, AGH covered persons or their close family members, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the Authority.

### **Closing**

We will be pleased to respond to any questions you have about this report or set up an introductory meeting to discuss the other recommendations at no charge. We appreciate the opportunity to continue to be of service to the Oklahoma City Public Property Authority.

*Allen, Gibbs & Houlik, L.C.*

CERTIFIED PUBLIC ACCOUNTANTS

Wichita, KS  
December 5, 2023