Request for Proposal

TAC723C Addendum 1

Professional Services for
Financial and Compliance Auditing

NIGP Commodity Code(s):
946-20 Auditing Services

Submit proposals (sealed) to:
Deputy City Clerk
City of Tulsa
175 E. 2ND St.
Suite 260
Tulsa, OK 74103

Issued February 19, 2020

Addendum #1

Please note the following changes which have been made for clarification to this Invitation for Sealed Bid. **This addendum must be listed as Addendum #1 on Form #6** of the bid package as verification that you have received and are aware of the information contained herein.

CHANGES/QUESTIONS/CLARIFICATION:

CHANGE:
Added Attachments

QUESTIONS/CLARIFICATION:

Question: For the Authorities where the accounting records are at City Hall, are the internal control processes similar for all entities or are there some differences?
Response: Similar.

Question: Do any of the Authorities need a separate single audit?
Response: No, MTTA combined with City's single audit.

Question: What ERP system (e.g. Peoplesoft, Great Plains, SAP, etc) is the City using?
Response: Tyler Technologies MUNIS – General Ledger, A/P, Purchasing, Capital Assets, Payroll, Expense Claims.

Question: Are there different applications/systems used for utilities, capital assets, etc?
Response: Utilities is currently using Affinity; scheduled to convert to MUNIS in first half of FY21. A/R in legacy COBOL system; scheduled to convert to MUNIS first half FY21.

Question: Has the City evaluated GASB 84 and determined if there are any additional activities that will need to be included in the CAFR?
Response: Yes and YES.

Question: What is the City's preferred timing for fieldwork including any interim/planning time, single audit and normal fieldwork? Are there any time periods to avoid?
Response: Mid-June for interim. Single audit and normal fieldwork mid-September through end of November. No periods to avoid August through mid-December. MTTA may be able to begin fieldwork in August.

Question: Are the financial statements usually available at the beginning of fieldwork? If not, what is the expected timing?
Response: We will mutually to create a schedule for Authorities.

Question: What is the City's process for allocating pension and OPEB to the various Authorities and funds that are affected?
Response: Percentage of salaries charged to the various Authorities.

Question: Has internal audit typically been involved in the external audit process?
Response: No

Question: Is there anything about the current audit process that the City would like to change?
Response: No

Question: Are there typically additional billings that are made by the current auditing firm outside of the amounts included in the RFP?
Response: No

Question: Could you verify that the following entities listed in the CAFR are not part of the scope of this engagement: Tulsa International Airport Trust and River Parks Authority?
Response: Please refer to III.E. for list of entities included in this RFP.

Question: Can we get a copy of the 2019 separately issued financial statements for the Authorities within the scope of the RFP as only 2018 is available online?
Response: Available online soon. See Attachment.

Question: Can we get a copy of the 2019 single audit report?
Response: Available online soon. See Attachment.

Question: Tulsa participates in the Municipal Employees' Retirement Plan (MERP) that includes participation of four government organizations not within the City's Reporting Entity. Due to other government entities being involved in the plan, is there a schedule of employer allocations prepared and is an audit of this schedule within the scope of this RFP?
Response: Yes, See Attachment.

Question: Could we get a copy of the report issuance schedule used for the 2019 audit that provides deadlines for the CAFR and Authority reports?
Response: See Attachment.

Question: For the component units where the accounting records are at City Hall, does that mean the workpapers provided by the City will include information for these component units as well? For example, will the investment workpaper include investments for all component units or will each component unit have a separate set of workpapers?
Response: Each component unit will have a separate set of workpapers.

Question: What accounting system does the City use?
Response: Tyler Technologies - MUNIS

Question: The RFP discusses leveling the audit workload. Could you clarify what is meant by the term level? Is the City looking at moving interim work farther away from final fieldwork or are you looking at having interim and final fieldwork closer together?
Response: The City is looking to move as much work to interim fieldwork as possible. We understand schedules and staffing may preclude that.

Question: For final fieldwork, how many auditors and how many weeks were they on-site?
Response: A low of 1-2 and a high of 6 auditors for ten weeks.

Question: Is there anything you would like done differently to make the audit process more efficient for the City?
Response: The audit completed very smoothly in the past; however, we are willing to listen to suggestions for improvements.

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Table of Contents

I. STATEMENT OF PURPOSE:

With this Request for Proposal (RFP), we are searching to secure professional services to provide financial statement and compliance audit services

We enthusiastically look forward to receiving your proposal.

II. INSTRUCTIONS FOR SUBMITTING A PROPOSAL:

A. General Requirements

1. Proposals must be received by **5:00 p.m. on Wednesday, March 04, 2020, Central Standard Time.** Please place proposals in a sealed envelope or box clearly labeled **"RFP TAC723C, Financial and Compliance Auditing".**

   Proposals received late will be returned unopened.

2. Proposals shall be delivered sealed to:

   Deputy City Clerk
   City of Tulsa
   175 E. 2nd St.
   Suite 260
   Tulsa, OK 74103

3. All interested Respondents (Sellers) are required to register with the Buyer in order to receive updates, addenda or any additional information required. The City of Tulsa (City) is not responsible for any failure to register.

4. Inquiries to the Buyer requesting clarification regarding the Request for Proposal or the content therein must be made via e-mail and must be received prior to the end of the business day on February 17, 2020**.**

   Terry Thomas, Senior Buyer
   tthomas@cityoftulsa.org

   Any questions regarding this RFP will be handled as promptly and as directly as possible. If a question requires only clarification of instructions or specifications, it will be handled via e-mail. If any question results in a substantive change or addition to the RFP, the change or addition will be forwarded to all registered Respondents as quickly as possible by addendum.

5. Respondents shall designate a contact person, with appropriate contact information, to address any questions concerning a proposal. The Respondents shall also state the name and title of individuals who will make final decisions regarding contractual commitments and have legal authority to execute the contract on the Respondent's behalf.

6. Proposals will be opened on the morning after the due date, at 8:30am, at the:

Standards, Specifications, and Awards Committee Meeting
175 East 2nd Street, 2nd Floor
City Council Chamber

B. General Notifications

1. The City of Tulsa notifies all possible Respondents that no person shall be excluded from participation in, denied any benefits of, or otherwise discriminated against in connection with the award and performance of any contract on the basis of race, religious creed, color, national origin, ancestry, physical disability, sex, age, ethnicity, or on any other basis prohibited by law.

2. All Respondents shall comply with all applicable laws regarding equal employment opportunity and nondiscrimination.

3. All Respondents shall comply with the Americans with Disabilities Act (ADA) and all proposals and a subsequent contract, if any, shall include the following statement:

> "The Respondent shall take the necessary actions to ensure its facilities are in compliance with the requirements of the Americans with Disabilities Act. It is understood that the program of the Respondent is not a program or activity of the City of Tulsa. The Respondent agrees that its program or activity will comply with the requirements of the ADA. Any costs of such compliance will be the responsibility of the Respondent. Under no circumstances will the Respondent conduct any activity which it deems to not be in compliance with the ADA."

4. The City of Tulsa also notifies all Respondents that the City has the right to modify the RFP and the requirements herein, to request modified proposals from Respondents, and to negotiate with the selected Respondent on price and other contract terms, as necessary to meet the City's Objectives.

5. Although it is the City's intent to choose only the most qualified Respondents, the City reserves the right to choose any number of qualified finalists for interview and/or for final selection. At the discretion of the City, one or more Respondents may be invited to be interviewed for purposes of clarification or discussion of the proposal.

6. This Request for Proposal does not commit the City of Tulsa to pay any costs incurred in the preparation of proposals, or in submission of a proposal, or the costs incurred in making necessary studies and designs for preparation thereof, or to contract for services or supplies necessary to respond. Any expenses incurred by the Respondent(s) in appearing for an interview or in any way in providing additional information as part of the response to this Request for Proposals are solely the responsibility of the Respondent. The City of Tulsa is not liable for any costs incurred by Respondents for any work performed by the Respondent prior to the approval of an executed contract by the City of Tulsa.

III. SCOPE OF WORK:

A. The Respondent shall perform auditing and other services in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants; the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards; and the provisions Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

B. The Respondent shall ensure that the Audit Committee, Authority Boards, and the City Council are included in all required communications. The Audit Committee is comprised of four Tulsa area residents appointed by the Mayor of the City, the Mayor (or his/her designee), the City Auditor, and one City Councilor (or his/her designee).

C. The Respondent shall provide special assistance to the City to meet the program requirements and submit the Comprehensive Annual Financial Report to the Government Finance Officers Association of the United States and Canada for review in its Certificate of Achievement for Excellence in Financial Reporting program.

D. The Respondent shall provide special assistance to the City and authorities to prepare one or more Official Statements in connection with the sale of debt securities. The Official Statement will contain the basic financial statements and the Respondent's audit report thereon. The Respondent may be required, if requested by the City, to issue an opinion on the Basic Financial Statements as a stand- alone report.

E. The Respondent shall provide services for the City of Tulsa, Related Authorities and Special Services beginning with the year ending June 30, 2020, as listed in the following tables.

Entities included in this RFP requiring separate audit reports:

	Component Unit	**Accounting Records Location**
City of Tulsa – Comprehensive Annual Financial Report	N/A	City Hall
Metropolitan Tulsa Transit Authority (MTTA)	Yes	MTTA
Regional Metropolitan Utility Authority (RMUA)	Joint venture	City Hall
Tulsa Authority for Recovery of Energy (TARE)	Yes	City Hall
Tulsa Development Authority (TDA)	Yes	City Hall
Tulsa Industrial Authority (TIA)	Yes	City Hall
Tulsa Metropolitan Utility Authority (TMUA)	Yes	City Hall
Tulsa Parking Authority (TPA)	Yes	City Hall
Tulsa Public Facilities Authority (TPFA)	Yes	City Hall

Special Services:

	Services	
TPACT – Site F Parking Operations – Note 1	Audit	SP+

American Parking (API) – Internal Control Understanding and Testwork	Agreed procedure	API
SP+ Parking (SP+) – Internal Control Understanding and Testwork	Agreed procedure	SP+
Consent letter for bond issuances	As needed	
Report to State Auditor & Inspectors - Form SA&I 2643	Compilation	City Hall

Authorities included in the reporting entity, audited by other Organizations:

Tulsa Stadium Trust, a blended component unit

Tulsa Performing Arts Center Trust, a component unit

Tulsa Airports Improvement Trust, a component unit

The Operations of the Cox Business Convention Center, a blended component unit (TPFA)

The Operations of the BOK Center, a blended component unit (TPFA)

Emergency Medical Services Authority, a joint venture

Notes:
(1) Audit of revenues and expenses at SP+

F. The Seller shall complete work on or before the dates developed and agreed to by the City and the Seller in the Detailed Audit Plan and a list of schedules to be prepared by the City.

G. The Seller and the City shall develop a report issuance schedule for the City and Authorities. The issuance schedule will contain specific dates for fieldwork, client prepared schedules, draft report completion, report presentations, each level of audit review, draft issuance and final report issuance.

H. The Seller and the City shall schedule the conference, progress reporting and meetings which include:

1. Entrance conference with the Director of Finance and Controller
2. Weekly status meetings during audit period with Controller.
3. Presentation of audit reports to the Audit Committee, management, City Council, and authority boards.

I. The Seller shall retain all workpapers and reports, at the Seller 's expense, for a minimum of three (3) years, unless notified in writing by the City of the need to extend the retention period. The Seller shall make workpapers available, upon request, to the following parties or their designees:

1. City
2. All Departments and Agencies of the U.S. Government, which provide funding to the City.
3. U.S. General Accounting Office (GAO)
4. Parties designated by the federal or state governments or by the City as part of an audit quality review process
5. Auditors of entities of which the City is a subrecipient of grant funds

J. The Seller shall respond to the reasonable inquiries of successor auditors and allow successor organization to review workpapers relating to matters of continuing accounting significance at no cost to the City or successor organization.

IV. DELIVERABLES:

The products, reports, and plans to be delivered to the City will include:

A. An opinion on the fair presentation of its Basic Financial Statements, as well as the separate entities listed in item Workpaper Retention and Access, in conformity with generally accepted accounting principles.

B. Conduct limited procedures as outlined in Section AU 558.07 of the American Institute of Certified Public Accountants' (AICPA) Professional Standards for the RSI, not to include auditing the required supplementary information (RSI) or the statistical section of the Comprehensive Annual Financial Report. The combining, individual fund, and component unit financial statements and supplementary information of the comprehensive annual financial report shall have an "in-relation-to" opinion.

C. An opinion, in accordance with Uniform Guidance, as to whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole; a report on internal control related to the financial statements and major programs; and a report on compliance with laws, regulations, and the provisions of contracts and grant agreements.

D. An Independent Accountant's Compilation Report on the report to the Oklahoma State Auditor and Inspector (Annual Summary of City and Town Finances - Form Number SA&I 2643).

E. Reports for each entity listed in Scope of Work as appropriate:

1. Report on the fair presentation of the basic financial statements in conformity with generally accepted accounting principles.
2. 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, Report on Compliance for Each Major Federal Program, Report on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).
3. Report on Required Communication. SAS 114 Report.
4. Written communications of control deficiencies.
5. Independent Auditor's Report and Schedule of Cash receipts and Disbursements of the Tulsa Performing Arts Center Trust Parking Lot.

V. RESPONDENT AND PROPOSAL REQUIREMENTS

To be considered, interested Respondents should submit or address the following:

A. Proposal Construction and Organization

An original unbound copy (so marked) of your Proposal and nine (9) bound copies plus one (1) digital copy (compact disc or USB drive) to include the following:

1. Title Page—Title page showing the request for proposals subject; the

Respondent's name, contact information, and date of the proposal.

2. Table of Contents.
3. Transmittal Letter - A signed letter of transmittal briefly states the Respondent's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the Respondent believes it to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for the period.
4. Detailed Proposal - The detailed proposal should follow the order set forth in Section VII B of this request for proposals.
5. Respondent Information Sheet along with executed copies of Affidavits, General Terms, Respondent Guarantees and Respondent Warranties, attached to this RFP (Appendix A and Appendix B).
6. Price Sheet Summary incorporating Appendix C.

B. Proposal Content

1. General:

The purpose of the proposal is to demonstrate the qualifications, competence and capacity of the Respondents seeking to undertake an independent audit of the City in conformity with the requirements of this request for proposal. As such, the substance of proposals will carry more weight than their form or manner of presentation. The proposal should demonstrate the qualifications of the Respondent and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

The proposal should address all the points outlined in the request for proposal. The proposal should be prepared simply and economically, providing a straightforward, concise description of the Respondent's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, items Nos. 2 through 13, must be included. They represent the criteria against which all the proposal will be evaluated.

<u>THE PROPOSAL DOCUMENT SHOULD BE NO MORE THAN 25 PAGES IN ITS ENTIRETY.</u>
(Excluding cover, affidavits, contact sheet and general terms)

2. Independence:

The Respondent should provide an affirmative statement that it is independent of the City as defined by generally accepted auditing standards / the U.S. General Accounting Office's Government Auditing Standards (2011).

The Respondent also should provide an affirmative statement that it is independent of all of the component units of the City as defined by those same standards.

The Respondent should also list and describe the Respondent's (or proposed sub-contractor's) professional relationships involving the City or any of its [agencies or component units/agencies], for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

3. Licensed to Practice in Oklahoma / Licensed to Perform Governmental Audits:

a. An affirmative statement should be included indicating that the Respondent and all assigned key professional staff are properly licensed to practice in the State of Oklahoma.

b. An affirmative statement that the Respondent is licensed to perform governmental audits in the State of Oklahoma.

4. Respondent Qualifications and Experience:

The proposal should state the size of the Respondent’s organization, the size of the Respondent's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis. If the Respondent is a joint venture or consortium, the qualifications of each Respondent comprising the joint venture or consortium should be separately identified and the Respondent that is to serve as the principal auditor should be noted, if applicable.

The Respondent shall provide a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The Respondent shall provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. The Respondent shall provide information on the circumstances and status of any disciplinary action taken or pending against the Respondent during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory and Staff Qualifications and Experience:

The Respondent shall identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the audit and indicate whether each such person is licensed to practice as a certified public accountant in Oklahoma.

The Respondent also should provide information on the government auditing experience of each person, assigned to the audit.

6. Engagements with Government Entities:

For the Respondent's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five years that are similar to the engagement described in this request for proposal. These engagements must be ranked on the basis of total staff hours.

7. Specific Audit Approach:

The Respondent's proposal shall set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this RFP. Respondents will be required to provide the following information on their audit approach:

a. Proposed segmentation of the engagement.
b. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
c. Approach to be taken to gain and document an understanding of the internal control structures.
d. Approach to be taken in determining laws and regulations that will be subject to audit test work.
e. Approach to be taken in drawing audit samples for purposes of tests of compliance.

8. Identification of Anticipated Potential Audit Problems:

The proposal shall identify and describe any anticipated potential audit problems, the Respondent's approach to keeping clients advised of new authoritative guidance and assistance in implementing.

9. Interim Fieldwork:

The City is looking for ways to level the audit workload. The proposal should indicate to what extent the Respondent is committed to achieving this objective, and how the Respondent expects to implement this objective.

10. Respondent's expertise in preparing a CAFR and experience with the Certificate of Excellence in Financial Reporting program.

11. Report delivery time requirements. The City is committed to issuing its reports as timely as possible. The proposal should indicate how the Respondent will help achieve this objective.

12. The Respondent's willingness to provide a peer review report if their Respondent is selected.

13. The Proposed Fees:

a. The first page of the dollar cost bid should include the following information:

    1) Name of Respondent or Respondent organization
    2) Certification that the person signing the proposal is empowered represent the Respondent, to submit the bid, and legally authorized to bind the Seller to a contract with the City under the law of the State in which the Seller is legally organized,
    3) A Total All-Inclusive maximum price separately stated for the years 2020 to 2024 for all services requested.

b. The second page of the dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix C) that supports the total all-inclusive maximum price.

VI. EVALUATION OF PROPOSALS:

A panel consisting of not less than three City of Tulsa employees will evaluate proposals. Final selection shall be the sole determination of the City, and if a selection is made it will be to the Respondent whose proposal is determined to be in the best interests of the City. The approval of the selected Respondent will be subject to the final determination of the City and will be contingent on the successful completion of a contract between the City and the selected Respondent(s).

The following represent the principal selection criteria which will be considered during the evaluation process.

A. Mandatory Elements:

1. The Respondent is independent auditor and licensed to practice in Oklahoma.
2. The Respondent’s professional personnel have received adequate continuing professional education within the preceding three years and have extensive experience in GASB 34 financial statements.
3. The Respondent has no conflict of interest with regard to any other work performed by the Respondent for the City.
4. The Respondent submits a copy of its most recent external quality control review report and the Respondent has a record of quality audit work.
5. The Respondent adheres to the instructions in this request for proposals on preparing and submitting the proposal.
6. The Respondent’s willingness to provide a peer review report if selected.

B. Technical Qualifications: (maximum points - 70)

1. Expertise and Experience (maximum points - 40)
   a. The Respondent’s past experience and performance on comparable government engagements.
   b. The quality of the Respondent's professional personnel to be assigned to the engagement and the quality of the Respondent's management support personnel to be available for technical consultation.
   c. The Respondent’s expertise and experience with the GFOA’s Certificate of Excellence in Financial Reporting program.
   d. The Respondent’s experience with issuances of general obligation and revenue bond.
2. Audit Approach (maximum points - 30)
   a. Adequacy of proposed staffing plan for various segments of the engagement.
   b. Plan for interim fieldwork.
   c. Other proposed approaches and innovative ideas.

C. Cost: (maximum points - 30)

VII. TIME FRAME FOR REVIEW:

The time frame for review of proposals is expected to be three (3) to six (6) weeks, but the City reserves the right to vary the period as necessary to meet its objectives. At the discretion of the City, one or more Respondents may be invited to be interviewed for purposes of clarification or discussion of their proposals.

VIII. AWARD OF PROPOSALS:

Per Tulsa Revised Ordinances (TRO) Title 6, Chapter 4, in addition to Price, these factors may be considered in the evaluation and award of proposals:

1. The ability, capacity and skill of the Respondent to perform the contract or provide the service required,

2. Whether the Respondent can perform the contract or provide the service promptly or within the time specified, without delay or interference,

3. The character, integrity, reputation, judgment, experience and efficiency of the Respondent,

4. The quality of performance by Respondent of previous contracts or services,

5. The previous and existing compliance by the Respondent with laws and ordinances relating to the contract or service,

6. The sufficiency of the financial resources and ability of the Respondent to perform the contract or provide the service,

7. The quality, availability and adaptability of the Supplies, Services, and Information Technology Systems offered by Respondent to the particular use required,

8. The ability of the Respondent to provide future maintenance, support and service related to Respondent’s offer,

9. Where an earlier delivery date would be of great benefit to the Using Department, the date and terms of delivery may be considered in the Proposal award,

10. The degree to which the Proposal submitted is complete, clear, and addresses the requirements in the Proposal specifications,

11. If a point system has been utilized in the Proposal specifications, the number of points earned by the Respondent.

12. The total cost of ownership, including the costs of supplies, materials, maintenance, and support necessary to perform the item’s intended function.

13. If an evaluation committee performs the evaluation, the recommendation of such committee.

IX. MISCELLANEOUS:

A. The City expects to enter into a written Agreement (the “Agreement”) with the chosen Respondent that shall incorporate this RFP and your proposal. Further, Respondent will be bound to comply with the provisions set forth in this RFP. In addition to any terms and conditions included in this RFP, the City may include in the Agreement other terms and conditions as deemed necessary. Your response to this RFP and any subsequent correspondence related to this proposal process will be considered part of the Agreement, if one is awarded to you.

B. All data included in this RFP, as well as any attachments, are proprietary to the City of Tulsa.

C. The use of the City of Tulsa's name in any way as a potential customer is strictly prohibited except as authorized in writing by the City of Tulsa.

D. Your proposal must clearly indicate the name of the responding organization, including the Respondent's e-mail address and web site information, if applicable, as well as the name, address, telephone number and e-mail address of the organization's primary contact for this proposal. Your proposal must include the name, address, telephone number and e-mail address of the Respondent and/or team of Respondents assigned to the City account.

E. The City assumes no responsibility or liability for any costs you may incur in responding to this RFP, including attending meetings or contract negotiations.

F. The City is bound to comply with Oklahoma's Open Records Act, and information submitted with your proposal, with few exceptions, is a matter of public record. For specifics on the Oklahoma Open Records Act, see the link below:

https://libraries.ok.gov/law-legislative-reference/library-laws/statutes-open-records/

The City shall not be under any obligation to return any materials submitted in response to this RFP request.

G. The City shall not infringe upon any intellectual property right of any Respondent, but specifically reserves the right to use any concept or methods contained in the proposal. Any desired restrictions on the use of information contained in the proposal should be clearly stated. Responses containing your proprietary data shall be safeguarded with the same degree of protection as the City's own proprietary data. All such proprietary data contained in your proposal must be clearly identified. The City shall not be under any obligation to return any materials submitted in response to this RFP.

H. **Predecessor Workpapers:** Workpapers of continuing accounting significance will be provided by the incumbent auditors to the successor auditor at no cost to either the City or the successor auditors.

I. **Manner of Payment:**

1. Professional Auditing Services – City: Two progress payments will be made. Ten percent (10%) will be withheld from each billing pending delivery of final reports. After the satisfactory issuance of the City's component unit financial statements included in item G, the Single Audit Report, the Comprehensive Annual Financial Report, and the State Auditor Report, the 10% withheld will be paid.

2. Professional Auditing Services – Authorities: One payment will be made after completion of field work.

J. Description of The Government:

1. Please visit the City's website at:

   https://www.cityoftulsa.org/government/departments/finance/financial-reports/

   for background Information on the following: fund structures, budgetary basis of accounting, federal and state financial assistance, and pension plans. Funding for the years to be audited should be similar to prior years.

2. The Finance Department is headed by James Wagner, Director of Finance. The Accounting Division of the Finance Department has 30 employees.

3. The City has an Internal Audit Department headed by Cathy Carter, City Auditor

K. Assistance to be provided to the Seller:

1. **The Finance Department:** The Finance Department staff will be available during the audit to assist the Respondent by providing information, documentation, explanations, and prepare confirmations.

2. **Information Technology Department (IT) Assistance:** IT personnel will provide systems documentation, explanations and access to systems for control testing.

3. **Statements and Schedules to be prepared by the Staff of the City:** City staff will prepare schedules in the list of client prepared schedules, a copy of which is available upon request.

4. **Work Area:** The Respondent will be provided with reasonable work space, desks and chairs. The Respondent will also be provided with a network connection for accessing accounting reports and data files.

5. **Report Preparation:** The City will be responsible for preparing the CAFR and most Authority Reports, excluding MTTA and TPACT – Site F Parking Operations report. The City will be responsible for printing the CAFR. The Respondent's auditor will be responsible for printing the Authority Reports and the Compliance Reports

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NON-COLLUSION AFFIDAVIT

(Required by Oklahoma law, 74 O.S. §85.22-85.25)

STATE OF ____________________________)

)ss.

COUNTY OF__________________________)

I, ____, of lawful age, being first duly sworn, state that:

(Seller's Authorized Agent)

1. I am the authorized agent of Seller herein for the purposes of certifying facts pertaining to the existence of collusion between and among Respondents and municipal officials or employees, as well as facts pertaining to the giving or offering of things of value to government personnel in return for special consideration in the letting of any contract pursuant to the proposal to which this statement is attached.

2. I am fully aware of the facts and circumstances surrounding the making of Seller's Proposal to which this statement is attached, and I have been personally and directly involved in the proceedings leading to the submission of such proposal; and

3. Neither the Seller nor anyone subject to the Seller's direction or control has been a party:
   a. to any collusion among Respondents in restraint of freedom of competition by agreement to respond at a fixed price or to refrain from responding,
   b. to any collusion with any municipal official or employee as to quantity, quality, or price in the prospective contract, or as to any other terms of such prospective contract, nor
   c. in any discussions between Respondents and any municipal official concerning exchange of money or other thing of value for special consideration in the letting of a contract.

By: ____

Signature

Title: _______________________________________

Subscribed and sworn to before me this ________day of ______________, 20____.

____

Notary Public

My Commission Expires: ______________________________

Notary Commission Number: ___________________________

The Affidavit must be signed by an authorized agent and notarized

INTEREST AFFIDAVIT

STATE OF _________________________)

) ss.

COUNTY OF________________________)

I, ___________________________________, of lawful age, being first duly sworn, state that I am the agent authorized by Seller to submit the attached Proposal. Affiant further states that no officer or employee of the City of Tulsa either directly or indirectly owns a five percent (5%) interest or more in the Respondent's business or such a percentage that constitutes a controlling interest. Affiant further states that the following officers and/or employees of the City of Tulsa own an interest in the Respondent's business which is less than a controlling interest, either direct or indirect.

____

____

____

By: _________________________________

Signature

Title: _________________________________

Subscribed and sworn to before me this ________day of ______________, 20____.

____

Notary Public

My Commission Expires: ____________________________

Notary Commission Number: _________________________

County & State Where Notarized: _____________________

The Affidavit must be signed by an authorized agent and notarized

AFFIDAVIT OF CLAIMANT

STATE OF ____________________)

)ss.

COUNTY OF___________________)

The undersigned, of lawful age, being first duly sworn, on oath says that this contract is true and correct. Affiant further states that the work, services or materials will be completed or supplied in accordance with the contract, plans, specifications, orders or requests furnished the affiant. Affiant further states that (s)he has made no payment directly or indirectly of money or any other thing of value to any elected official, officer or employee of the City of Tulsa or any public trust of which the City is a beneficiary to obtain or procure the contract or purchase order.

By: ___________________________________

Signature

Name: ________________________________

Company: _____________________________

Title: _________________________________

Subscribed and sworn to before me this _____ day of _________________________, 20____.

____

Notary Public

My Commission Expires: __________________________

Notary Commission Number: _______________________

The Affidavit must be signed by an authorized agent and notarized

FORM #6

ACKNOWLEDGMENT OF RECEIPT OF ADDENDA/AMENDMENTS

I hereby acknowledge receipt of the following addenda or amendments and understand that such addenda or amendments are incorporated into the Bid Packet and will become a part of any resulting contract.

List Date and Title/Number of all addenda or amendments: (Write “None” if applicable).

____

____

____

____

____

____

Sign Here ► ______________________________

Printed Name: ______________________________

Title: ______________________________

Date: ______________________________

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RESPONDENT INFORMATION SHEET

Respondent's Legal Name: ____
(Must be Respondent's company name exactly as reflected on its organizational documents, filed with the state in which Respondent is organized; not simply a DBA.)

State of Organization: ____

Respondent's Type of Legal Entity: (check one)

( ) Sole Proprietorship
( ) Partnership
( ) Corporation
( ) Limited Partnership
( ) Limited Liability Company
( ) Limited Liability Partnership
( ) Other: _______________

Address: ____
Street City State Zip

Website Address:_____________________ **Email Address:** _______________________

Sales Contact:

Name: _______________________________
Street: _______________________________
City: _______________________________
State: _______________________________
Phone: _______________________________
Fax: _______________________________
Email: _______________________________

Legal or Alternate Sales Contact:

Name: _______________________________
Street: _______________________________
City: _______________________________
State: _______________________________
Phone: _______________________________
Fax: _______________________________
Email:_______________________________

Price Sheet Summary

This price sheet must include the format from Appendix C and all elements as described in the section titled, “RESPONDENT AND PROPOSAL REQUIREMENTS”, sub section, “Proposal Content“

Company Name: ______________________________ Date: ____________________

Signature: ___________________________________

Name Printed: _______________________________

Title: ______________________________________

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City of Tulsa General Contract Terms

It is anticipated that the City of Tulsa will enter into an Agreement (contract) with the selected Respondent for an initial term ending one (1) year from the date of its execution by the City's Mayor, with four (4) one-year renewals available at the option of the City. Contracts entered into by the City of Tulsa generally include, but are not limited to, the following terms:

1. **Renewals.** Contractor understands and acknowledges that any future contracts or renewals are neither automatic nor implied by this Agreement. The continuing purchase by City of the Services set forth in this Agreement is subject to City's needs and to City's annual appropriation of sufficient funds in City's fiscal year (July 1st to June 30th) in which such Services are purchased. In the event City does not appropriate or budget sufficient funds to perform this Agreement, this Agreement shall be null and void without further action by City.

2. **No Indemnification or Arbitration by City.** Contractor understands and acknowledges that City is a municipal corporation that is funded by its taxpayers to operate for the benefit of its citizens. Accordingly, and pursuant to Oklahoma law, City shall not indemnify nor hold Contractor harmless for loss, damage, expense or liability arising from or related to this Agreement, including any attorneys' fees and costs. In addition, Contractor shall not limit its liability to City for actual loss or direct damages for any claim based on a breach of this Agreement and the documents incorporated herein. City reserves the right to pursue all legal and equitable remedies to which it may be entitled. City will not agree to binding arbitration of any disputes.

3. **Intellectual Property Indemnification by Contractor.** Contractor agrees to indemnify, defend, and save harmless City and its officers, employees and agents from all suits and actions of every nature brought against them due to the use of patented, trademarked or copyright-protected appliances, products, materials or processes provided by Contractor hereunder. Contractor shall pay all royalties and charges incident to such patents, trademarks or copyrights.

4. **General Liability.** Contractor shall hold City harmless from any loss, damage or claims arising from or related to the performance of the Agreement herein. Contractor must exercise all reasonable and customary precaution to prevent any harm or loss to all persons and property related to this Agreement.

5. **Liens.** Pursuant to City's Charter (Art. XII, §5), no lien of any kind shall exist against any property of City. Contractor agrees to indemnify and hold the City harmless from all claims, demands, causes of action or suits of whatever nature arising out of the services, labor, and material furnished by Contractor or Contractor's subcontractors under the scope of this Agreement.

6. **No Confidentiality.** Contractor understands and acknowledges that City is subject to the Oklahoma Open Records Act (51 O.S. §24A.1 *et seq.*) and therefore cannot assure the confidentiality of contract terms or other information provided by Contractor pursuant to this Agreement that would be inconsistent with City's compliance with its statutory requirements there under.

7. **Compliance with Laws.** Contractor shall be responsible for complying with all applicable federal, state and local laws. Contractor is responsible for any costs of such compliance. Contractor shall take the necessary actions to ensure its operations in performance of this contract and employment practices are in compliance with the requirements of the Americans with Disabilities Act. Contractor certifies that it and all of its subcontractors to be used in the performance of this agreement are in compliance with 25 O.S. Sec. 1313 and

participate in the Status Verification System. The Status Verification System is defined in 25 O.S. Sec. 1313 and includes, but is not limited to, the free Employee Verification Program (E-Verify) available at www.dhs.gov/E-Verify.

8. **Right to Audit.** The parties agree that books, records, documents, accounting procedures, practices, price lists or any other items related to the Services provided hereunder are subject to inspection, examination, and copying by City or its designees. Contractor shall retain all records related to this Agreement for the duration of the contract term and a period of three years following completion and/or termination of the contract. If an audit, litigation or other action involving such records begins before the end of the three year period, the records shall be maintained for three years from the date that all issues arising out of the action are resolved or until the end of the three year retention period, whichever is later.

9. **Governing Law and Venue.** This Agreement is executed in and shall be governed by and construed in accordance with the laws of the State of Oklahoma without regard to its choice of law principles, which shall be the forum for any lawsuits arising under this Agreement or incident thereto. The parties stipulate that venue is proper in a court of competent jurisdiction in Tulsa County, Oklahoma and each party waives any objection to such venue.

10. **No Waiver.** A waiver of any breach of any provision of this Agreement shall not constitute or operate as a waiver of any other provision, nor shall any failure to enforce any provision hereof operate as a waiver of the enforcement of such provision or any other provision.

11. **Entire Agreement/No Assignment.** This Agreement and any documents incorporated herein constitute the entire agreement of the parties and supersede any and all prior agreements, oral or otherwise, relating to the subject matter of this Agreement. This Agreement may only be modified or amended in writing and signed by both parties. Notwithstanding anything to the contrary herein, the City does not agree to the terms of any future agreements, revisions or modifications that may be required under this Agreement unless such terms, revisions or modifications have been reduced to writing and signed by both parties. Contractor may not assign this Agreement or use subcontractors to provide the Goods and/or Services without City's prior written consent. Contractor shall not be entitled to any claim for extras of any kind or nature.

12. **Equal Employment Opportunity.** Contractor shall comply with all applicable laws regarding equal employment opportunity and nondiscrimination.

The undersigned Respondent agrees to the inclusion of the above provisions, among others, in any contract with the City of Tulsa.

Company Name: ______________________________ Date: ____________________

Signature: ___________________________________

Name Printed: _______________________________

Title: _______________________________________

APPENDIX A

RESPONDENT GUARANTEES

The Respondent certifies it can, and will provide and make available, at a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Respondent Official: :____________________________________

Name: ____________________________________

Title: ____________________________________

Respondent Organization: ____________________________________

Date: ____________________________________

APPENDIX B

RESPONDENT WARRANTIES

A. Respondent warrants that it is willing and able to comply with State of Oklahoma laws with respect to foreign (non-state of Oklahoma) corporations.

B. Respondent warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.

C. Respondent warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the City.

D. Respondent warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Respondent Official: :______________________________

Name: ______________________________

Title: ______________________________

Respondent Organization: ______________________________

Date: ______________________________

APPENDIX C
FORMAT FOR PROFFESIONAL FEES AND EXPENSES
FOR THE AUDITS OF THE CITY OF TULSA AND RELATES AUTHORITIES

Entities	**2020**	**2021**	**2022**	**2023**	**2024**
City of Tulsa					
Metropolitan Tulsa Transit Authority (MTTA)					
Regional Metropolitan Utility Authority (RMUA)					
Tulsa Authority for Recovery of Energy (TARE)					
Tulsa Development Authority (TDA)					
Tulsa Industrial Authority (TIA)					
Tulsa Metropolitan Utility Authority (TMUA)					
Tulsa Parking Authority (TPA)					
Tulsa Public Facilities Authority (TPFA)					
Special Services:					
TPACT – Site F Parking Operations – Note 1					
American Parking (API) – Internal Control Understanding and Testwork					
SP+ Parking (SP+) – Internal Control Understanding and Testwork					
Consent letter for bond issuances					
Report to State Auditor & Inspectors - Form SA&I 2643					

Notes:
(1) Audit of revenues and expenses at SP+

APPENDIX D

FY2019 SCHEDULE OF AUDIT FEES

Reporting Entries	Amount
City of Tulsa	$ 177,800
Metropolitan Tulsa Transit Authority (MTTA)	41,700
Regional Metropolitan Utility Authority (RMUA)	6,400
Tulsa Authority for Recovery of Energy (TARE)	21,400
Tulsa Development Authority (TDA)	26,400
Tulsa Industrial Authority (TIA)	7,700
Tulsa Metropolitan Utility Authority (TMUA)	29,300
Tulsa Parking Authority (TPA)	15,700
Tulsa Public Facilities Authority (TPFA)	20,300
TPACT – Site F Parking Operations – Note 1	4,300
Tulsa Parking Authority (API) – Internal Control Understanding and Testwork	3,700
Tulsa Parking Authority (SP+) – Internal Control Understanding and Testwork	3,700
Consent letter for bond issuances	3,800
	$ 362,200

Attachments for TAC723C

Table of Contents

THE MUNICIPAL EMPLOYEES' RETIREMENT PLAN

Administered by the CITY OF TULSA, Oklahoma

SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY PARTICIPATING EMPLOYER

As of and for the Year Ended June 30, 2019

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

THE MUNICIPAL EMPLOYEES' RETIREMENT PLAN
SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY PARTICIPATING EMPLOYER
INDEX
JUNE 30, 2019

Independent Auditor's Report

Board of Trustees
Municipal Employee Retirement System

Report on the Schedules
We have audited the accompanying Schedule of Employer Allocations of the Municipal Employees' Retirement Plan (the Plan) as of June 30, 2019 and 2018, and the related notes. We have also audited the total for all entities of the columns titled net pension liability as of June 30, 2019 and 2018, and total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense/(gain) (specified column totals) included in the accompanying Schedule of Pension Amounts by Participating Employer (the Schedules) of the Plan as of and for the year ended June 30, 2019, and the related notes to the Schedules.

Management's Responsibility for the Schedules
Management is responsible for the preparation and fair presentation of these Schedules 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 the Schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on the Schedule of Employer Allocations and the specified column totals included in the Schedule of Pension Amounts by Participating Employer based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Employer Allocations and specified column totals included in the Schedule of Pension Amounts by Participating Employer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule of Employer Allocations and specified column totals included in the Schedule of Pension Amounts by Participating Employer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule of Employer Allocations and specified column totals included in the Schedule of Pension Amounts by Participating Employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the Schedule of Employer Allocations and specified column totals included in the Schedule of Pension Amounts by Participating Employer 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 Plan'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 Schedule of Employer Allocations and specified column totals included in the Schedule of Pension Amounts by Participating Employer.

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 Schedules referred to above present fairly, in all material respects, the employer allocations as of June 30, 2019 and 2018 and net pension liability for the total of all participating employers for the Plan as of June 30, 2019 and 2018, and total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense/(gain) for the total of all participating entities for the Plan as of and for the year ended June 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

Other Matter
The Municipal Employees' Retirement Plan is reported as a pension trust fund in the financial statements of the City of Tulsa, Oklahoma.

Restriction on Use
Our report is intended solely for the information and use of management and the Board of Trustees of the Municipal Employees' Retirement Plan, and Plan employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Kansas City, Missouri
November 6, 2019

THE MUNICIPAL EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF EMPLOYER ALLOCATIONS
June 30, 2019 and 2018

	2018		2019	
Employer	**Employer Contributions**	**Allocation Percentage**	**Employer Contributions**	**Allocation Percentage**
City of Tulsa	$ 8,814,110	47.8736%	$ 9,096,789	47.2862%
Tulsa Metropolitan Utility Authority (TMUA)- Water fund	2,748,886	14.9305%	2,868,173	14.9091%
Tulsa Metropolitan Utility Authority (TMUA)- Sewer fund	2,394,937	13.0080%	2,480,540	12.8941%
Tulsa Authority for Recovery of Energy (TARE)	427,665	2.3229%	440,740	2.2910%
Tulsa Public Facilities Authority (TPFA)- One Technology Center (OTC) Fund	83,198	0.4519%	87,284	0.4537%
Tulsa Airports Improvement Trust (TAIT)	1,073,720	5.8319%	1,126,354	5.8549%
Metropolitan Tulsa Transit Authority (MTTA)	355,380	1.9302%	358,767	1.8649%
Tulsa City County Library (TCCL)	1,860,075	10.1030%	2,058,185	10.6987%
River Parks Authority (RPA)	90,545	0.4918%	94,183	0.4896%
Indian Nations Council of Governments (INCOG)	469,018	2.5475%	526,499	2.7368%
City of Tulsa-Rogers County Port Authority (Port)	93,661	0.5087%	100,229	0.5210%
Totals	$ 18,411,195	100.0000%	$ 19,237,743	100.0000%

See accompanying notes to the Schedules of Employer Allocations and Pension Amounts by Participating Employer

THE MUNICIPAL EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF PENSION AMOUNTS BY PARTICIPATING EMPLOYER
As of and for the Year Ended June 30, 2019 and Net Pension Liability as of June 30, 2018

	Net Pension Liability		Pension Expense		
Employer	June 30, 2018	June 30, 2019	Proportionate Share of Plan Pension Expense	Net Amortization of deferred Amounts from changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
City of Tulsa	$ 93,985,794	$ 111,045,181	$ 21,250,386	$ (392,614)	$ 20,857,772
TMUA- Water Fund	29,311,664	35,011,984	6,700,139	(88,838)	6,611,301
TMUA- Sewer Fund	25,537,399	30,280,032	5,794,600	113,067	5,907,667
TARE	4,560,334	5,380,100	1,029,574	132	1,029,706
TPFA- OTC Fund	887,173	1,065,452	203,892	9,880	213,772
TAIT	11,449,228	13,749,433	2,631,188	134,001	2,765,189
MTTA	3,789,382	4,379,463	838,085	27,609	865,694
TCCL	19,834,282	25,124,435	4,807,989	337,687	5,145,676
RPA	965,505	1,149,759	220,026	(18,800)	201,226
INCOG	5,001,270	6,427,001	1,229,916	(49,236)	1,180,680
Port	998,683	1,223,497	234,137	(72,888)	161,249
Total Allocated	$ 196,320,714	$ 234,836,337	$ 44,939,932	$ -	$ 44,939,932

(Continued)

See accompanying notes to the Schedules of Employer Allocations and Pension Amounts by Participating Employer

THE MUNICIPAL EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF PENSION AMOUNTS BY PARTICIPATING EMPLOYER, Continued
As of and for the Year Ended June 30, 2019 and Net Pension Liability as of June 30, 2018

	Deferred Outflows of Resources				
Employer	Differences Between Expected and Actual Plan Experience	Difference between Projected and Actual Plan Investment Earnings on Pension Plan Investments	Changes in Assumptions	Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
City of Tulsa	$ 524,041	$ 8,806,152	$ 12,874,623	$ 838,210	$ 23,043,026
TMUA- Water Fund	165,228	2,776,535	4,059,303	161,618	7,162,684
TMUA- Sewer Fund	142,897	2,401,279	3,510,679	102,159	6,157,014
TARE	25,390	426,655	623,771	4,987	1,080,803
TPFA- OTC Fund	5,028	84,493	123,529	11,304	224,354
TAIT	64,886	1,090,363	1,594,115	336,007	3,085,371
MTTA	20,667	347,302	507,757	146,504	1,022,230
TCCL	118,567	1,992,428	2,912,937	1,392,036	6,415,968
RPA	5,426	91,179	133,303	36,371	266,279
INCOG	30,330	509,677	745,149	259,799	1,544,955
Port	5,774	97,026	141,853	28,845	273,498
Total Allocated	$ 1,108,234	$ 18,623,089	$ 27,227,019	$ 3,317,840	$ 50,276,182

(Continued)

See accompanying notes to the Schedules of Employer Allocations and Pension Amounts by Participating Employer

THE MUNICIPAL EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF PENSION AMOUNTS BY PARTICIPATING EMPLOYER, Continued
As of and for the Year Ended June 30, 2019 and Net Pension Liability as of June 30, 2018

	Deferred Inflows of Resources				
Employer	**Differences Between Expected and Actual Plan Experience**	**Difference between Projected and Actual Plan Investment Earnings on Pension Plan Investments**	**Changes in Assumptions**	**Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions**	**Total Deferred Inflows of Resources**
City of Tulsa	$ 3,708,126	$ 5,497,744	$ -	$ 1,734,976	$ 10,940,846
TMUA- Water Fund	1,169,153	1,733,411	-	549,602	3,452,166
TMUA- Sewer Fund	1,011,139	1,499,136	-	227,230	2,737,505
TARE	179,657	266,364	-	65,989	512,010
TPFA- OTC Fund	35,579	52,749	-	22,922	111,250
TAIT	459,134	680,722	-	210,483	1,350,339
MTTA	146,243	216,823	-	100,213	463,279
TCCL	838,979	1,243,887	-	105,161	2,188,027
RPA	38,394	56,923	-	63,154	158,471
INCOG	214,616	318,195	-	110,519	643,330
Port	40,856	60,574	-	127,591	229,021
Total Allocated	$ 7,841,876	$ 11,626,528	$ -	$ 3,317,840	$ 22,786,244

See accompanying notes to the Schedules of Employer Allocations and Pension Amounts by Participating Employer

1. PLAN STRUCTURE AND OPERATIONS

The Municipal Employees' Retirement Plan (Plan) was established to provide a pension and retirement plan for eligible employees of the City of Tulsa (City) and certain related governmental entities.

The Plan is a part of the City of Tulsa's reporting entity and is reported as a fiduciary pension trust fund.

This report was prepared to provide participating employers with additional information needed to comply with the financial reporting requirements promulgated under the pension guidance contained in the Governmental Accounting Standards Board Codification. The Plan's annual financial statements are included in the City's Comprehensive Annual Financial Report. The Plan does not issue a stand-alone financial report.

This report provides specific detailed information and should be utilized by the Plan's participating employers to assist with the preparation of their financial statements. Data provided in this report is limited in time, nature, and scope and does not provide complete financial information related to the Plan or its participating employers.

Plan Administration – The Plan is administered by a Board of Trustees (Board) who is responsible for the operation, administration and management of the Plan. The Board also determines the general investment policy of the Plan's assets. The Board is comprised of seven members, appointed by the Mayor and confirmed by the City Council. Two members are active, classified employee participants. One member is a retired employee participant. Three members, each of whom shall be either a head of a City division or department, an elected official, or an appointee of the Mayor in the unclassified service, as described in Article X, Section 5.B of the City Charter. One member is not a participant of the Plan, a City employee or elected City official.

1. PLAN STRUCTURE AND OPERATIONS, continued

Basis of Accounting – The Plan's financials are prepared on the accrual basis of accounting. Contributions are recognized in the period the contributions are due and a formal commitment to provide contributions is made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. All Plan investments are reported at fair value.

The Schedule of Employer Allocations and Schedule of Pension Amounts by Participating Employer (the Schedules) present amounts that are elements of the financial statements of the Plan or its participating employers. Accordingly, they do not purport to be a complete presentation of the fiduciary net position or changes in fiduciary net position of the Plan or its participating employers. Employer contributions and allocations as presented in the Schedule of Employer Allocations are based on actual employee payroll dates.

Benefits Provided – The Plan provides retirement, disability, and death benefits. Retirement benefits are determined based on the employee's highest 30 months of salary during the last five-years of service and a multiplier, based on the years of service. Employees entering the plan prior to July 1, 2018 are eligible for full retirement at age 65, and at least 5 years of service, or when the years of service plus the employee's age equals or exceeds 80. Reduced benefits are available after age 55 and 5 years of service (Early retirement). Benefits for Early retirement are reduced 2.5% per year prior to age 65. Employees entering the plan on or after July 1, 2018 are eligible for full retirement at age 65, and at least 5 years of service, or when the years of service plus the employee's age equals or exceeds 90. Reduced benefits are available after age 60 and 5 years of service (Early retirement). Benefits for Early retirement are reduced 6.0% per year prior to age 65. Five years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as normal retirement. Death benefits for vested participants are, at the spouse's election, a refund of contribution plus interest or a life annuity of 50% of the member's accrued benefit determined based on final average earnings and service as of the date of death.

Contributions - Contributions are set per City ordinance. Employees are required to contribute 6.5 percent of their pensionable wages for the year ended June 30, 2019. Participating employees contributed $8,065,246 to the Plan for the year ended June 30, 2019. The participating employers are required to contribute 15.5 percent of pensionable wages for the year ended June 30, 2019. The participating employers are also responsible for Actuarially Determined Employer Contributions (ADEC) that exceeds the 15.5 percent of pensionable wages. Contributions to the Plan from the participating employers were $19,250,943 for the year ended June 30, 2019.

1. PLAN STRUCTURE AND OPERATIONS, continued

Asset Allocation and Long-term Expected Real Rate of Return, continued Asset Allocation and Long-term Expected Real Rate of Return – The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Following is the Plan's asset allocation policy as of June 30, 2019, and the long-term expected geometric real rate of return for each major asset class:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	24%	1.16%
Domestic equity	36%	6.19%
International equity	24%	6.59%
Real estate	8%	4.24%
Commodities	3%	0.95%
Timber	4%	4.15%
Cash	1%	0.11%
	100%	

There are no investments in any one organization representing 5% or more of the Plan's net position. There are no investments in, loans to, or leases with related parties.

For the year ended June 30, 2019 and 2018, the annual money-weighted rate of return on the Plan's investments, net of investment expense, was 4.2% and 8.7%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusting for the changing amounts actually invested.

2. ESTIMATES, CONSIDERATION OF VOLATILITY, AND KEY DATES

The Schedules include the use of significant estimates where required. Due to the long-term nature of defined-benefit pension plans, certain amounts, including the net pension liability, are based on actuarial mathematical models and estimates that project future expectations. The Schedules provide results for a specific point in time, and changes in estimates, investment performance, and future cost expectations can have a material impact on the information presented from one year to the next.

Measurement Date and Valuation Date—The Plan had an annual actuarial valuation date of January 1, 2019, which was rolled forward from the valuation date using generally accepted actuarial principles and methods, to the Plan's measurement date of June 30, 2019.

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation using the following assumptions:

Investment rate of return*	7.00%
Projected salary increases*	3.50-11.25%
* Includes inflation at 2.50%	
Mortality rates	RP-2014 Mortality Table with Blue Collar Adjustment, which is projected on a fully generational basis with scale MP-2015

Except for certain economic and demographic assumptions, the actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2015. For the January 1, 2019 valuation the inflation rate assumption was decreased from 3.00% to 2.50% with a corresponding decrease of 0.50% in the investment rate of return and the salary scale. In addition, the payroll growth assumption was decreased from 3.00% to 2.75%. Some adjustments were also made to retirement rates of Plan participants hired on or after July 1, 2018 to reflect differences in eligibility requirements for early and normal retirement as well as the early retirement reductions.

Expected Remaining Service Life of Members - Certain deferred inflow and deferred outflow calculations require amortization over the remaining service life of the Plan's members, including retirees. For the years ended June 30, 2019, 2018, 2017, 2016, 2015 and 2014, the membership's remaining service life was 4.09 years, 4.18 years, 4.25 years, 4.45 years, 4.72 years and 5.06 years, respectively.

3. SCHEDULE COMPONENTS

Employer Allocations

Employer Contributions - Employer contributions represent each participating employer's actual contributions to the plan for the year based on pensionable wages. Contributions are calculated based on the date the employee is paid and only include actual employee payroll dates between July 1, 2018, and June 30, 2019, regardless of the date the contributions was actually received by the Plan. Any additional contributions made by the participating employers for the purpose of achieving equivalent funding were not included.

Employer Allocation Percentage - The employer allocation percentage represents the portion of each individual employer's actual contributions. This percentage represents each employer's proportionate share of the pension amounts presented in the Schedules.

Net Pension Liability

The Plan had a net pension liability of $234,836,337 and $196,320,714, as of June 30, 2019 and 2018, to be allocated proportionately among participating employers. The total pension liability was calculated using a discount rate of 7.0% and 7.5%, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the participating employers will be made as specified in the Plan's funding policy. Beginning July 1, 2017, and all future years, it is assumed that the employer contribution rate will be 15.5% of payroll, which is the actuarially determined contribution rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

The Plan's net pension liability at June 30, 2019 and 2018 was calculated as follows:

	2019	2018
Total pension liability	$ 709,670,792	$ 667,931,153
Plan fiduciary net position	474,834,455	471,610,439
Net pension liability	$ 234,836,337	$ 196,320,714
Plan fiduciary net position as a percentage of the total pension liability	66.91%	70.61%

3. SCHEDULE COMPONENTS, continued

Net Pension Liability, continued

A net pension liability sensitivity comparison shows how a 1% change (both lower and higher) in the discount rate will affect the net pension liability. The following table presents the Plan's net pension liability for the current discount rate of 7.0%, as well as what it would be using a discount rate 1% lower (6.0%) and 1% higher (8.0%).

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
Net pension liability	$ 319,674,694	$ 234,836,337	$ 164,057,853

Pension Expense

The components of pension expense for the year ended June 30, 2019 are as follows:

Service cost	$ 14,555,302
Interest on total pension liability	49,087,601
Current-period benefit change	(72,387)
Expensed portion of current period differences between expected and actual experience	(3,760,587)
Employee contributions	(8,065,246)
Projected earnings on pension plan investments	(34,806,048)
Expensed portion of differences between projected and actual earnings on plan investments	7,847,356
Expensed portion of assumption changes	19,687,579
Pension plan administrative expense	466,362
Total plan (collective) pension expense	$ 44,939,932

The collective pension expense is separated into component parts for participating employers by each unique proportion in the Schedule of Pension Amounts by Participating Employer. The differences between expected and actual experience, the differences between projected and actual earnings on plan investments, and changes in assumptions represent only the current year's portion of amortization to pension expense. The remaining unamortized balances of these differences are presented in their respective deferred outflows/inflows of resources columns of the Schedule of Pension Amounts by Participating Employer.

3. SCHEDULE COMPONENTS, continued

Deferred Inflows and Outflows of Resources

Certain differences that occur from year to year in the calculation of the net pension liability and net pension expense require amortization and recognition in future years. The following types of differences can result in a deferred outflow or deferred inflow of resources. Due to the variability of results that will affect the Plan, deferred inflows and outflows may vary significantly between years. Additionally, certain deferrals may have both inflow and outflow components that are amortized over future years.

Differences between Expected and Actual Plan Experience - This difference occurs when the Plan's actuarial estimate of the Plan's experience costs for a given period differ from the actual experience costs. This is usually the result of differences in the make-up of retirees, the dates chosen to retire, the longevity of Plan's members, or other similar demographic factors. The most recent actuarial experience study for the Plan was for the 5-year period from January 1, 2011, to December 31, 2015. Actuarial experience studies are performed every 5 years. Plan-wide deferred inflows and outflows that result from plan experience differences are amortized over the expected remaining service life of its members, with the current year amount included in the determination of pension expense. These are collective plan amounts and are multiplied by each employer's proportionate share to determine each employer's allocation of this amount.

Difference between Projected and Actual Plan Investment Earnings - Each annual actuarial valuation estimates the expected return for the Plan. Differences between this estimate and the actual investment earnings for a given year are included as either a deferred inflow when actual investment earnings exceed the estimate or a deferred outflow when actual investment earnings are less than the estimate. This difference is then amortized over a fixed 5-year period for each unique fiscal year. These are collective plan amounts and are multiplied by each participating employer's proportionate share to determine each participating employer's allocation of this amount.

Changes in Assumptions - On occasion, as the result of an experience study or other actuarial considerations, certain assumptions used for estimates may need to be changed. When this occurs, the Plan will generally experience an increase or decrease in either deferred inflows or deferred outflows. These amounts are amortized as pension expense over the remaining service life as a portion of pension expense. The Plan's most recent actuarial experience study was for the 5-year period from January 1, 2010 to December 31, 2015 and was applied to the January 1, 2019 valuation. Effective for the January 1, 2019 valuation the Plan made changes to its inflation rate with a corresponding change in the investment rate of return and the salary scale. In addition, payroll growth rate assumption was decreased.

3. SCHEDULE COMPONENTS, continued

Deferred Inflows and Outflows of Resources, continued

Below is a schedule of Plan deferred inflows and deferred outflows for the year ended June 30, 2019:

Deferred Outflows:	Year of Deferral	Loss/ (Gain)	Amortization Period	Beginning Balance	Additions	Amortization	Ending Balance
Differences between Expected and Actual Plan Experience	2016	$ 2,978,599	4.45	$ 970,552	$ -	$ (669,349)	$ 301,203
Differences between Expected and Actual Plan Experience	2018	1,547,429	4.18	1,177,230	-	(370,199)	807,031
Difference between Projected and Actual Plan Investment Earnings	2015	22,041,419	5	4,408,283	-	(4,408,283)	-
Difference between Projected and Actual Plan Investment Earnings	2016	27,025,665	5	10,810,266	-	(5,405,133)	5,405,133
Difference between Projected and Actual Plan Investment Earnings	2019	16,522,442	5	-	16,522,442	(3,304,486)	13,217,956
Changes in Assumptions	2016	61,037,754	4.45	19,888,704	-	(13,716,350)	6,172,354
Changes in Assumptions	2019	27,868,473	4.09	-	27,868,473	(6,813,808)	21,054,665
Total Deferred Outflows				$ 37,255,035	$ 44,390,915	$ (34,687,608)	$ 46,958,342

(Continued)

3. SCHEDULE COMPONENTS, continued

Deferred Inflows and Outflows of Resources, continued

Deferred Inflows:	Year of Deferral	Loss/ (Gain)	Amortization Period	Beginning Balance	Additions	Amortization	Ending Balance
Differences between Expected and Actual Plan Experience	2014	(1,581,371)	5.06	$ (18,751)	$ -	18,751	$ -
Differences between Expected and Actual Plan Experience	2015	(8,597,591)	4.72	$ (1,311,495)	$ -	1,311,495	-
Differences between Expected and Actual Plan Experience	2017	(6,652,350)	4.25	(3,521,832)	-	1,565,259	(1,956,573)
Differences between Expected and Actual Plan Experience	2019	(7,789,933)	4.09	-	(7,789,933)	1,904,630	(5,885,303)
Changes in Assumptions	2014	(71,057,689)	5.06	(842,579)	-	842,579	-
Difference between Projected and Actual Plan Investment Earnings	2017	(20,925,571)	5	(12,555,341)	-	4,185,115	(8,370,226)
Difference between Projected and Actual Plan Investment Earnings	2018	(5,427,170)	5	(4,341,736)	-	1,085,434	(3,256,302)
Total Deferred Inflows				$ (22,591,734)	$ (7,789,933)	$ 10,913,263	$ (19,468,404)
Net Deferred Outflows (Inflows)				$ 14,663,301	$ 36,600,982	$ (23,774,345)	$ 27,489,938

Deferred inflows and deferred outflows will be amortized and included in the calculation of pension expense in the following years:

Years:	Deferred Outflow	Deferred Inflow	Net Deferred Outflow (Inflow)
2020	$ 22,367,186	$ (8,740,438)	$ 13,626,748
2021	10,488,496	(7,566,489)	2,922,007
2022	10,184,930	(2,990,064)	7,194,866
2023	3,917,730	(171,413)	3,746,317
Total	$ 46,958,342	$ (19,468,404)	$ 27,489,938

3. SCHEDULE COMPONENTS, continued

Deferred Inflows and Outflows of Resources, continued

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions - A change in a participating employer's proportion can occur due to changes in the membership of participating employers, new employers joining the Plan, or other factors affecting the contributions of a participating employer in relation to all participating employers. When a change in proportion occurs, the participating employer will experience an increase or decrease in either deferred inflows or outflows during the period the change occurs. These amounts are amortized as pension expense over the remaining service life as a portion of pension expense. The collective plan does not report these amounts.

4. CHANGES IN NET PENSION LIABILITY

A summary of the changes in the net pension liability for the year ended June 30, 2019, is as follows:

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance as of June 30, 2018	$ 667,931,153	$ 471,610,439	$ 196,320,714
Changes for the year:			
Service cost	14,555,302	-	14,555,302
Interest on total pension liability	49,087,601	-	49,087,601
Benefit changes	(72,387)	-	(72,387)
Expensed portion of current period differences between expected and actual experience	(7,789,933)	-	(7,789,933)
Changes in assumptions	27,868,473	-	27,868,473
Employer contributions	-	19,250,943	(19,250,943)
Employee contributions	-	8,065,246	(8,065,246)
Net investment income	-	18,283,606	(18,283,606)
Benefit payments, including refunds	(41,909,417)	(41,909,417)	-
Pension plan administrative expense	-	(466,362)	466,362
Balance as of June 30, 2019	$ 709,670,792	$ 474,834,455	$ 234,836,337

Questions about this report or requests for additional information should be directed to:

City of Tulsa
Office of the Controller
175 East 2nd Street, Suite 1570
Tulsa, Oklahoma 74103

REGIONAL METROPOLITAN UTILITY AUTHORITY

FINANCIAL REPORT
June 30, 2019 and 2018

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REGIONAL METROPOLITAN UTILITY AUTHORITY
INDEX
June 30, 2019 and 2018

Independent Auditor's Report

Board of Trustees
Regional Metropolitan Utility Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Regional Metropolitan Utility Authority (the Authority), as of and for the years ended June 30, 2019 and 2018, 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 an opinion 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. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

RSM US LLP

Kansas City, Missouri
November 6, 2019

As management of the Regional Metropolitan Utility Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended June 30, 2019 and 2018. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements. All amounts in Management's Discussion and Analysis, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent year by $55,275. Of this amount, $4,884 is unrestricted and may be used to meet the Authority's ongoing obligations.

- The Authority's net position increased from $51,601 at June 30, 2018 to $55,275 at June 30, 2019. During 2019, the Authority had an increase in net position of $3,674 compared to a $12,381 increase in net position during 2018.

- The Authority's cash and cash equivalents increased to $59 at June 30, 2019, from $0 at June 30, 2018.

- Accounts receivable decreased to $4,825 at June 30, 2019, from $7,864 at June 30, 2018.

Overview of the Financial Statements

The Authority is a joint venture among the Cities of Tulsa (Tulsa Metropolitan Utility Authority, a component unit of the City of Tulsa), Broken Arrow, Jenks, Bixby, and Owasso. The purpose of the Authority is to provide, operate, and maintain water supply, wastewater, and pollution control facilities for the benefit of various governmental entities. Currently, the Authority is operating a wastewater treatment facility (Haikey Creek Wastewater Treatment Plant).

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. This audit report consists of two parts: 1) management's discussion and analysis and 2) basic financial statements. The basic financial statements also include notes that explain in more detail some of the information in the financial statements.

Financial Statements

The basic financial statements of the Authority report information using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the financial success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness.

The third required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and changes in cash resulting from operating, investing, and financing activities and provides answers to such questions as where cash came from, what was cash used for, and what was the change in cash balance during the period.

Net Position

The Authority's net position increased to $55,275 at June 30, 2019, from $51,601 at June 30, 2018, and $39,220 at June 30, 2017. The following table provides a summary of net position:

SUMMARY OF NET POSITION

	2019	2018	2017
Current assets	$ 4,884	$ 7,864	$ 5,432
Capital assets, net	51,364	48,288	36,286
Total assets	56,248	56,152	41,718
Current liabilities	973	4,551	2,498
Net investment in capital assets	50,391	43,737	33,788
Unrestricted	4,884	7,864	5,432
Total net position	$ 55,275	$ 51,601	$ 39,220

In 2019, current assets decreased $2,980. The decrease was the result of a decrease in receivables of $3,039 due for capital contributions on construction expenditures offset by a net increase in cash of $59. Capital assets additions of $4,633 were offset by the $1,557 annual provision for depreciation. The net increase in net investment in capital assets of $6,654 is due to capital improvements offset by related liabilities. Unrestricted net position decreased $2,980 due to a decrease in current assets.

In 2018, current assets increased $2,432. The increase was the result of a decrease in cash of $1,441 offset by a net increase in receivables of $3,873 due for capital contributions on construction expenditures and interest. Capital assets additions of $13,354 were offset by the $1,352 annual provision for depreciation. The net increase in net investment in capital assets of $9,949 is due to capital improvements offset by related liabilities. Unrestricted net position increased $2,432 due to an increase in current assets.

SUMMARY OF CHANGES IN NET POSITION

	2019	2018	2017
Operating revenues	$ 3,276	$ 2,936	$ 2,978
Nonoperating revenues	-	60	-
Total revenues	3,276	2,996	2,978
Depreciation expense	1,557	1,352	1,175
Other operating expense	2,849	2,553	2,701
Nonoperating expense	168	-	7
Total expenses	4,574	3,905	3,883
Loss before contributions	(1,298)	(909)	(905)
Capital contributions	4,972	13,290	4,372
Change in net position	3,674	12,381	3,467
Net position, beginning of year	51,601	39,220	35,753
Net position, end of year	$ 55,275	$ 51,601	$ 39,220

In 2019, the Authority's operating revenues increased $340 and other operating expense increased $296. The operating and maintenance contract allow for billing operator expenses plus 15%. Nonoperating revenues decreased $60 related to a decrease in investment income. Nonoperating expense increased $168 related to an increase in investment loss. The Authority recognized $4,972 in capital contributions from the Cities of Tulsa and Broken Arrow to fund improvements to the Haikey Creek Wastewater Treatment Plant.

In 2018, the Authority's operating revenues decreased $42 and other operating expense decreased $148. The operating and maintenance contract allow for billing operator expenses plus 15%. Nonoperating revenues increased $60 related to an increase in investment income. The Authority recognized $13,290 in capital contributions from the Cities of Tulsa and Broken Arrow to fund improvements to the Haikey Creek Wastewater Treatment Plant.

Capital Assets

The Authority's investment in capital assets as of June 30, 2019 and 2018 was $51,364 and $48,288, respectively (net of accumulated depreciation). This investment in capital assets includes infrastructure, buildings, and construction-in-progress.

During 2019, the Authority spent $3,911 related to lift station and force main improvements still in progress at year end, $148 related to sludge management center improvement, $487 for plant capital improvements and $71 for pump station and grit facility rehabilitation. Infrastructure increased during 2019 due primarily to Haikey Creek Wastewater Treatment Plant Security and Safety Improvements placed in service during the year. Construction-in progress increased during 2019 due primarily to construction costs incurred for projects which were still in progress at year end.

During 2018, the Authority spent $7,803 related to flow equalization basin improvements, $3,744 related to lift station and force main improvements still in progress at year end, $558 for maintenance building improvements and $246 for headworks and grit facility rehabilitation. Infrastructure increased during 2018 due primarily to flow equalization basin improvements totaling $9,733 placed in service during the year.

	2019	2018	2017
Infrastructure	$ 62,950	$ 60,035	$ 49,475
Building	979	951	951
Construction-in-progress	9,936	8,246	5,452
	73,865	69,232	55,878
Less accumulated depreciation	(22,501)	(20,944)	(19,592)
Capital assets, net	$ 51,364	$ 48,288	$ 36,286

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Tulsa, Office of the Controller, 175 E. Second Street, Suite 1570, Tulsa, Oklahoma 74103.

REGIONAL METROPOLITAN UTILITY AUTHORITY
STATEMENTS OF NET POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 58,645	$ -
Accounts receivable - related parties	4,825,198	7,864,392
Total current assets	4,883,843	7,864,392
Noncurrent assets:		
Nondepreciable capital assets	9,936,026	8,245,972
Depreciable capital assets, net	41,428,374	40,041,785
Total noncurrent assets	51,364,400	48,287,757
Total assets	56,248,243	56,152,149
LIABILITIES		
Current liabilities:		
Accounts payable	563,461	3,803,701
Retainage payable	409,987	747,388
Total liabilities	973,448	4,551,089
NET POSITION		
Net investment in capital assets	50,390,952	43,736,668
Unrestricted	4,883,843	7,864,392
Total net position	$ 55,274,795	$ 51,601,060

The accompanying notes are an integral part of these financial statements.

REGIONAL METROPOLITAN UTILITY AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2019 and 2018

	2019	2018
Operating revenues:		
Wastewater services	$ 3,275,871	$ 2,936,048
Operating expenses:		
Plant operations	2,849,182	2,552,957
Depreciation	1,556,820	1,352,206
Total operating expenses	4,406,002	3,905,163
Operating loss	(1,130,131)	(969,115)
Nonoperating (expenses) revenues:		
Investment (loss) income	(168,146)	60,360
Loss before capital contributions	(1,298,277)	(908,755)
Capital contributions:		
Capital contributions - City of Broken Arrow	2,486,006	6,644,899
Capital contributions - City of Tulsa	2,486,006	6,644,899
Total capital contributions	4,972,012	13,289,798
Change in net position	3,673,735	12,381,043
Net position, beginning of year	51,601,060	39,220,017
Net position, end of year	$ 55,274,795	$ 51,601,060

The accompanying notes are an integral part of these financial statements.

REGIONAL METROPOLITAN UTILITY AUTHORITY
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Receipts from customers	$ 3,403,736	$ 2,864,159
Payments to suppliers of goods and services	(2,849,182)	(2,552,957)
Net cash provided by operating activities	554,554	311,202
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(8,211,104)	(11,300,450)
Capital contributions - City of Broken Arrow	4,168,356	3,132,020
Capital contributions - City of Tulsa	3,714,985	6,352,278
Net cash used by capital and related financing activities	(327,763)	(1,816,152)
Cash flows from investing activities:		
Investment (loss) income	(168,146)	64,322
Net increase (decrease) in cash and cash equivalents	58,645	(1,440,628)
Cash and cash equivalents, beginning of year	-	1,440,628
Cash and cash equivalents, end of year	$ 58,645	$ -
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$ (1,130,131)	$ (969,115)
Adjustments:		
Depreciation	1,556,820	1,352,206
Decrease (increase) in receivables	127,865	(71,889)
Net cash provided by operating activities	$ 554,554	$ 311,202
Noncash capital and investing activities:		
Capital asset additions included in accounts payable and retainage payable	$ 973,448	$ 4,551,089
Capital contributions included in accounts receivable	$ 4,513,272	$ 7,424,601

The accompanying notes are an integral part of these financial statements.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS – The purpose of the Regional Metropolitan Utility Authority (the "Authority"), as set out in the declaration of trust, is to provide, operate and maintain water supply, wastewater, and pollution control facilities for the benefit of various governmental entities. Currently, the Authority owns a sewage treatment facility (Haikey Creek Wastewater Treatment Plant).

REPORTING ENTITY – The Authority is a public trust created under the provisions of the Oklahoma Trust Act. Ownership of the Authority's assets is retained by the Authority for the beneficiaries of the trust. Upon termination of the trust, the net position will be distributed to the beneficiaries based upon their pro rata interest. The current beneficiaries are the cities of Tulsa, Broken Arrow, Jenks, Bixby, and Owasso; however, only the cities of Tulsa (through Tulsa Metropolitan Utility Authority, a discretely presented component unit of the City of Tulsa) and Broken Arrow currently hold equity interests in the Authority. The City of Tulsa provides staffing to and maintains the accounting records of the Authority, in addition to acting as a fiscal agent for the Authority's cash and investment transactions.

BASIS OF ACCOUNTING – The financial statements of the Authority are prepared in accordance with generally accepted accounting principles ("GAAP") as applied to business-type activities of governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

The financial statements of the Authority have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Voluntary nonexchange transactions are recognized when all applicable eligibility requirements are met. Capital contributions receivable from related parties and revenue is recognized as construction costs are incurred by the Authority. Operating revenues and expenses include exchange transactions. Investment income (loss) is reported as nonoperating revenues (expenses).

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

CASH AND CASH EQUIVALENTS – Cash and cash equivalent balances are held within the of the City of Tulsa, Oklahoma (the "City") pooled portfolio. The Authority's cash and cash equivalents are recorded at the net asset value of their position in the City's pooled portfolio.

The Authority is allocated interest monthly based on their average daily position in the City's pooled portfolio. Changes in fair value of the City's pooled portfolio are allocated annually based on the Authority's position as of June 30.

For purposes of reporting cash flows, the Authority considers all highly liquid debt instruments with an original maturity of three months or less when purchased, and amounts held by the City's portfolio pool, to be cash equivalents.

The amounts held in the City's pooled portfolio are considered liquid as they are available to be withdrawn on demand, with no redemption restrictions.

ACCOUNTS RECEIVABLE – Accounts receivable consists of operating and capital costs that have been incurred by the Authority. These costs have not been reimbursed by the cities of Tulsa and Broken Arrow as of year-end. Management has determined that these receivables are fully collectible and therefore have not recorded an allowance for doubtful accounts.

CAPITAL ASSETS – Capital assets, with an initial cost of $5,000 or more, are stated at cost. Capital assets placed in service are depreciated on a straight-line basis over the following estimated useful lives.

Infrastructure	10 – 99 years
Buildings	40 years

Cost and related accumulated depreciation are removed from the records when capital assets are sold or abandoned. The related gain or loss is recorded in the period of sale or disposal.

NET POSITION – Net position of the Authority represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by construction related payables. Net position is reported as restricted when there are limitations imposed on the use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Authority first applies restricted resources. Unrestricted net position is the remaining assets less remaining liabilities that do not meet the definition of investment in capital assets or restricted.

INCOME TAXES – The Authority, as a political subdivision, is excluded from taxation under Section 115(1) of the Internal Revenue Code.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

USE OF ESTIMATES – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. CASH DEPOSITS AND CASH EQUIVALENTS

Cash deposits of the Authority are held within the City's pooled portfolio. The City's pooled portfolio consists primarily of time deposits and other securities guaranteed by the United States Government or its agencies. At June 30, 2019 and 2018, the Authority maintained balances of $58,645 and $0, respectively, in the City's pooled portfolio which represented 0.01% and 0%, respectively of the City's pooled portfolio. At June 30, 2018, the Authority had overdrawn pooled cash in the City's pooled portfolio by $367,284 and the balance was reflected in accounts payable.

The City's pooled portfolio is collateralized by securities held by the City or its agent in the City's name as of June 30, 2019 and 2018.

Please refer to the City's Comprehensive Annual Financial Report for additional information on the City's pooled portfolio, including required disclosures of risks and fair value measurement techniques. A copy of the City's separately-issued report can be obtained at www.cityoftulsa.org.

3. CAPITAL ASSETS

Capital asset activity for the years ended is as follows:

2019:	**Beginning Balance**	**Increases**	**Transfers/ Decreases**	**Ending Balance**
Nondepreciable capital assets:				
Construction-in-progress	$ 8,245,972	$ 4,146,666	$ (2,456,612)	$ 9,936,026
Depreciable capital assets:				
Infrastructure	60,034,595	486,797	2,428,951	62,950,343
Buildings	951,400	-	27,661	979,061
	60,985,995	486,797	2,456,612	63,929,404
Less accumulated depreciation for:				
Infrastructure	(20,787,625)	(1,531,929)	-	(22,319,554)
Buildings	(156,585)	(24,891)	-	(181,476)
Total accumulated depreciation	(20,944,210)	(1,556,820)	-	(22,501,030)
Total depreciable capital assets, net	40,041,785	(1,070,023)	2,456,612	41,428,374
Total capital assets, net	$ 48,287,757	$ 3,076,643	$ -	$ 51,364,400

2018:	**Beginning Balance**	**Increases**	**Transfers/ Decreases**	**Ending Balance**
Nondepreciable capital assets:				
Construction-in-progress	$ 5,452,271	$ 12,566,495	$ (9,772,794)	$ 8,245,972
Depreciable capital assets:				
Infrastructure	49,475,148	786,653	9,772,794	60,034,595
Buildings	951,400	-	-	951,400
	50,426,548	786,653	9,772,794	60,985,995
Less accumulated depreciation for:				
Infrastructure	(19,459,204)	(1,328,421)	-	(20,787,625)
Buildings	(132,800)	(23,785)	-	(156,585)
Total accumulated depreciation	(19,592,004)	(1,352,206)	-	(20,944,210)
Total depreciable capital assets, net	30,834,544	(565,553)	9,772,794	40,041,785
Total capital assets, net	$ 36,286,815	$ 12,000,942	$ -	$ 48,287,757

4. JOINT VENTURE EQUITY INTERESTS

The equity owners' interests at June 30, 2019 and 2018 are as follows:

	2019	**2018**
City of Tulsa	$ 27,703,948	$ 25,867,457
City of Broken Arrow	27,570,847	25,733,603
	$ 55,274,795	$ 51,601,060

The Authority recognized capital contributions from the City of Broken Arrow and the City of Tulsa to purchase capital improvements for the Haikey Creek Wastewater Treatment Plant of $4,972,012 and $13,289,798 for the years ended June 30, 2019 and 2018, respectively. At June 30, 2019 and 2018, accounts receivable included $4,513,272 and $7,424,601, respectively, in connection with these capital contributions.

5. OPERATING AGREEMENTS

The equity owners entered into an operations and maintenance contract in 2010 with the City of Tulsa. The contract went into effect July 1, 2010 and will automatically renew for a one-year term on June 30th of each year unless 90 days' notice is given by either party to cancel. The agreement provides for capital costs to be billed to the equity owners. Operating costs are shared between the City of Broken Arrow and the City of Tulsa in relation to their measured flow of wastewater into the facility.

The Authority and the City of Tulsa entered into a 50-year lease agreement in 1973 for the Haikey Creek land. The Authority agreed to use the land for a lift station, forced main and treatment plant. The lease is renewable for an additional 50 years under the original terms and conditions. There is no financial obligation to the City under the terms of the lease.

6. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2019 and 2018, the Authority conducted the following transactions with the City of Tulsa and the City of Broken Arrow:

	2019	2018
Plant operator fees paid under operating agreement - City of Tulsa	$ 2,841,835	$ 2,546,876
Accounts receivable - City of Tulsa	$ 824,175	$ 2,053,155
Accounts receivable - City of Broken Arrow	$ 4,001,023	$ 5,811,237
Revenue from the user fees charged to the City of Broken Arrow	$ 1,499,896	$ 1,301,687
Revenue from the user fees charged to the City of Tulsa	$ 1,775,975	$ 1,634,361

7. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. As of June 30, 2019, and 2018, no amounts require loss recognition for these risks. The City purchases commercial insurance for general liability and property damage. The Authority is included in the City's insurance policies and would be responsible for deductibles relating to specific claims pertaining to the Authority. There have been no significant reductions in insurance coverage during the year and there were no settlement amounts in excess of the insurance coverage in the current year or in the three prior years.

8. COMMITMENTS

As of June 30, 2019, the Authority had open commitments for construction projects of approximately $2,205,000, all of which will be reimbursed by the equity owners.

9. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87 – *Leases* – issued June 2017, will be effective for the Authority beginning with its year ending June 30, 2021.

This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority's management has not yet determined the effect this statement will have on the Authority's financial statements.

RSM

TULSA AUTHORITY FOR RECOVERY OF ENERGY

(A Component Unit of the City of Tulsa, Oklahoma)

FINANCIAL REPORT

June 30, 2019 and 2018

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

TULSA AUTHORITY FOR RECOVERY OF ENERGY
(A Component Unit of the City of Tulsa, Oklahoma)
Index
Years Ended June 30, 2019 and 2018

Independent Auditor's Report

Board of Trustees
Tulsa Authority for Recovery of Energy

Report on the Financial Statements
We have audited the accompanying financial statements of the Tulsa Authority for Recovery of Energy (the Authority), a component unit of the City of Tulsa, Oklahoma, as of and for the years ended June 30, 2019 and 2018, 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 an opinion 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. 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 opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and pension and other postemployment benefit schedules, as listed in the table of contents, 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

RSM US LLP

Kansas City, Missouri
November 6, 2019

As management of the Tulsa Authority for Recovery of Energy (the "Authority"), a component unit of the City of Tulsa, Oklahoma (the "City"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended June 30, 2019 and 2018. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 7. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the current year by $24,039 (net position). Of this amount, $8,016 is invested in capital assets and $16,023 is unrestricted and may be used to meet the Authority's ongoing obligations. The assets of the Authority exceeded its liabilities at the close of 2018 by $23,687.

- During 2019, the Authority's net position increased $352 to $24,039. During 2018, the Authority's net position increased $1,495 to $23,687.

- The Authority's operating revenues increased to $26,723 in 2019 from $26,682 in 2018, a 0.2% increase. In 2018, the Authority's operating revenues decreased from $27,141 to $26,682, a 2% decrease.

Overview of the Financial Statements

The Authority, a legally separate public trust, is reported by the City as a discretely presented component unit in the City's Comprehensive Annual Financial Report. The primary function of the Authority is to provide a system of collection, transportation, and disposal of solid waste within, around, and for the City.

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements include: 1) Statement of Net Position, 2) Statement of Revenues, Expenses, and Changes in Net Position, 3) Statement of Cash Flows, and 4) Notes to the Financial Statements.

Financial Statements

The financial statements of the Authority report information using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position includes all of the Authority's assets, liabilities and deferred outflows/inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the financial success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The third financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and changes in cash resulting from operating, investing, and financing activities, and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the period.

Net Position

The Authority's net position increased $352 or 1.5%, to $24,039 at June 30, 2019. The following table provides a summary of net position.

SUMMARY OF NET POSITION

	2019	2018	2017 (as restated)
Current and other assets	$ 23,361	$ 22,091	$ 20,607
Capital assets, net	8,028	9,291	10,840
Total assets	31,389	31,382	31,447
Deferred outflows of resources	856	602	975
Current liabilities	2,218	3,098	2,815
Noncurrent liabilities	5,724	4,976	6,800
Total liabilities	7,942	8,074	9,615
Deferred inflows of resources	264	223	615
Net investment in capital assets	8,016	7,796	7,859
Unrestricted	16,023	15,891	14,333
Total net position	$ 24,039	$ 23,687	$ 22,192

In 2019, current and other assets increased $1,270, due to an increase of $1,217 in cash and an increase in refuse billing receivable of $67 partially offset by a decrease in interest receivable of $16. Current liabilities decreased $880 due to a decrease in the advance from Tulsa Public Facilities Authority of $1,389, partially offset by an increase in accounts payable of $499.

In 2018, current and other assets increased $1,484, due to an increase of $1,819 in cash, a decrease in accounts receivable of $350, and an increase in interest receivable of $15. The increase in cash is primarily related to a decrease in cash paid for capital and related financing activities, compared to the prior year. Current liabilities increased $283, due to a decrease of $70 in accounts payable for noncapital expenditures, an increase of $319 in the current portion of advances from the Tulsa Public Facilities Authority and $34 increase in compensated absences.

Noncurrent liabilities increased $748 in 2019 from 2018 and decreased $1,824 in 2018 from 2017. Net pension liability increased by $820 in 2019, and was partially offset by a decrease in the noncurrent portion of the advance from TPFA. The 2018 decrease is primarily a result of a decrease in the noncurrent portion of the advance from TPFA.

SUMMARY OF CHANGES IN NET POSITION

	2019	2018	2017 (as restated)
Operating revenues	$ 26,723	$ 26,682	$ 27,141
Investment income	554	133	14
Other income	-	1	90
Total revenues	27,277	26,816	27,245
Depreciation expense	2,007	1,998	1,932
Other operating expense	23,110	21,634	21,267
Nonoperating expense	1,808	1,689	1,681
Total expenses	26,925	25,321	24,880
Change in net position	352	1,495	2,365
Net position, beginning of year	23,687	22,192	19,827
Net position, end of year	$ 24,039	$ 23,687	$ 22,192

In 2019 revenues increased $461, a 1.7% change. This change was primarily a result of a $421 increase in investment income compared to prior year.

In 2018, revenues decreased $429, a 1.6% change. This change was a result of a decrease in operating revenues of $459 and a decrease in other income of $89, partially offset by an increase in investment income of $119.

In 2019, total expenses increased $1,604, or 6.3% primarily due to an increase in personal and other operating expenses. Net position increased by $352.

In 2018, total expenses increased $441, or 1.8% primarily due to an increase in other operating expenses of $367. Net position increased by $1,495.

Capital Assets

The Authority's investment in capital assets as of June 30, 2019 was $8,028 (net of accumulated depreciation). This investment in capital assets includes construction in progress, land improvements, buildings and equipment. Capital asset acquisitions during the year totaled $932.

CAPITAL ASSETS

	2019	2018	2017
Construction in progress	$ 171	$ 171	$ 250
Land Improvements	410	184	159
Buildings	827	833	833
Equipment	20,743	20,365	19,862
	22,151	21,553	21,104
Less accumulated depreciation	(14,123)	(12,262)	(10,264)
Capital assets, net	$ 8,028	$ 9,291	$ 10,840

Economic factors and next year's budget and rates

At the national level, unemployment declined to 3.7 percent at June 30, 2019. Unemployment in the City of Tulsa was 3.2 percent at the end of fiscal year 2019 compared to 4.2 percent at the end of fiscal year 2018. The Authority continues to have consistent accounts receivable collections.

In setting its 2020 operating budget, the Authority considered many factors which impact the Authority's operations and delivery of services. The 2020 budgeted outlays are expected to decrease approximately 1.6 percent, and revenues are expected to increase .4 percent.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Tulsa, Office of the Controller, 175 E. Second Street, Suite 1570, Tulsa, Oklahoma 74103.

TULSA AUTHORITY FOR RECOVERY OF ENERGY
(A Component Unit of the City of Tulsa, Oklahoma)
Statements of Net Position
June 30, 2019 and 2018

(Amounts expressed in thousands)

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 20,415	$ 19,197
Accounts receivable, net	2,898	2,831
Interest receivable	48	63
Total current assets	23,361	22,091
Noncurrent assets:		
Nondepreciable capital assets	171	171
Depreciable capital assets, net	7,857	9,120
Total noncurrent assets	8,028	9,291
Total assets	31,389	31,382
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts	814	552
Other postemployment benefits related amounts	42	50
Total deferred outflows of resources	856	602
LIABILITIES		
Current liabilities:		
Accounts payable and accrued payroll	1,951	1,452
Advance from Tulsa Public Facilities Authority	12	1,401
Compensated absences	255	245
Total current liabilities	2,218	3,098
Noncurrent liabilities:		
Advance from Tulsa Public Facilities Authority	-	94
Compensated absences	135	106
Net pension liability	5,380	4,560
Total OPEB liability	209	216
Total noncurrent liabilities	5,724	4,976
Total liabilities	7,942	8,074
DEFERRED INFLOWS OF RESOURCES		
Pension related amounts	246	214
Other postemployment benefits related amounts	18	9
Total deferred inflows of resources	264	223
NET POSITION		
Net investment in capital assets	8,016	7,796
Unrestricted	16,023	15,891
Total net position	$ 24,039	$ 23,687

The accompanying notes are an integral part of these financial statements.

TULSA AUTHORITY FOR RECOVERY OF ENERGY
(A Component Unit of the City of Tulsa, Oklahoma)
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2019 and 2018

(Amounts expressed in thousands)

	2019	2018
Operating revenues:		
Refuse services	$ 26,723	$ 26,682
Operating expenses:		
Refuse collection	12,028	11,806
Personal services	4,887	4,101
Other operating expenses	6,195	5,727
Depreciation	2,007	1,998
Total operating expenses	25,117	23,632
Operating income	1,606	3,050
Nonoperating revenue (expense):		
Investment income	554	133
Payments in lieu of taxes to primary government	(1,636)	(1,634)
Gain (loss) on disposal of assets	(158)	1
Loan financing expense	(14)	(55)
Net nonoperating expense	(1,254)	(1,555)
Change in net position	352	1,495
Net position, beginning of year	23,687	22,192
Net position, end of year	$ 24,039	$ 23,687

The accompanying notes are an integral part of these financial statements.

TULSA AUTHORITY FOR RECOVERY OF ENERGY
(A Component Unit of the City of Tulsa, Oklahoma)
Statements of Cash Flows
Years Ended June 30, 2019 and 2018

(Amounts expressed in thousands)

	2019	2018
Cash flows from operating activities:		
Received from customers	$ 26,656	$ 27,032
Payments to suppliers for goods and services	(17,727)	(17,535)
Payments to employees for services	(4,247)	(4,095)
Net cash provided by operating activities	4,682	5,402
Cash flows used by noncapital financing activities:		
Payments in lieu of taxes to primary government	(1,636)	(1,634)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(932)	(529)
Loan payments to Tulsa Public Facilities Authority	(1,497)	(1,541)
Proceeds from sale of capital assets	30	1
Net cash used by capital and related financing activities	(2,399)	(2,069)
Cash flows from investing activities:		
Interest received	571	120
Net change in cash and cash equivalents	1,218	1,819
Cash and cash equivalents, beginning of year	19,197	17,378
Cash and cash equivalents, end of year	$ 20,415	$ 19,197

(Continued)

The accompanying notes are an integral part of these financial statements.

TULSA AUTHORITY FOR RECOVERY OF ENERGY
(A Component Unit of the City of Tulsa, Oklahoma)
Statements of Cash Flows, continued
Years Ended June 30, 2019 and 2018

(Amounts expressed in thousands)

	2019	2018
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 1,606	$ 3,050
Adjustments:		
Depreciation	2,007	1,998
Increase (decrease) in receivables	(67)	350
Increase in accounts payable and accrued payroll	499	10
Increase in other postemployment benefits related amounts	10	21
Increase (decrease) in compensated absences	39	(2)
(Increase) decrease in pension related amounts	588	(25)
Net cash provided by operating activities	$ 4,682	$ 5,402

The accompanying notes are an integral part of these financial statements.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS AND REPORTING ENTITY – The Tulsa Authority for Recovery of Energy (the "Authority") was created on November 11, 1977, for the benefit of the City of Tulsa (the "City"), to provide for the collection, removal, transportation, and disposal of solid waste within, around, and for the City. Trustees for the Authority include the Mayor of the City and six individuals appointed by the Mayor and confirmed by the City Council. The Authority is included as a discretely presented component unit in the City's Comprehensive Annual Financial Report (CAFR).

BASIS OF ACCOUNTING – The financial statements of the Authority are prepared in accordance with generally accepted accounting principles ("GAAP") as applied to business-type activities of governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. All amounts are expressed in thousands unless otherwise noted.

The basic financial statements of the Authority have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities, and deferred outflows and inflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Voluntary nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions. Investment income and voluntary nonexchange transactions are included in nonoperating revenues and expenses.

CASH AND CASH EQUIVALENTS – Cash and cash equivalent balances are held within the City's pooled portfolio. The Authority's cash and cash equivalents are recorded at the net asset value of their position in the City's pooled portfolio.

The Authority is allocated interest monthly based on its average daily position in the City's pooled portfolio. Changes in fair value of the City's pooled portfolio are allocated annually based on the Authority's position as of June 30.

For purposes of reporting cash flows, the Authority considers all highly liquid debt instruments with an original maturity of three months or less when purchased and amounts held by the City's portfolio pool, to be cash equivalents.

The amounts held in the City's pooled portfolio are considered liquid as they are available to be withdrawn on demand, with no redemption restrictions.

Notes to Basic Financial Statements, continued (in thousands of dollars)

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

ACCOUNTS RECEIVABLE – This generally consists of amounts receivable from customers within and around the Tulsa metropolitan area for residential municipal waste collection and disposal and commercial municipal solid waste disposal. Refuse services receivables include amounts for services provided but not billed to customers at year end of approximately $1,086 and $1,050 at June 30, 2019 and 2018, respectively.

The Authority recorded an allowance for uncollectible accounts against refuse services receivable of approximately $29 and $39 as of June 30, 2019 and 2018, respectively.

CAPITAL ASSETS – Capital assets purchased or acquired at an initial cost of $5 or more are carried at historical cost. Contributed assets are recorded at acquisition value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets sold or disposed have their cost and related accumulated depreciation removed from the records. Any gain or loss is recorded as nonoperating income in the period of sale or disposal.

DEPRECIATION – Capital assets placed in service are depreciated on a straight-line basis over the following estimated useful lives:

Land Improvements	25 years
Buildings	20-50 years
Equipment	5-20 years

ADVANCE FROM TULSA PUBLIC FACILITIES AUTHORITY – Advances from the Tulsa Public Facilities Authority, a blended component unit of the City, represent monies transferred for the purpose of funding debt service payments related to the issuance of revenue bonds. Proceeds from the revenue bonds were used to purchase capital assets to be used in the Authority's refuse collection system.

REFUSE COLLECTION – Refuse collection, curbside recycling, and greenwaste collection expenses for residential customers are determined on the basis of average "head count" (i.e., the number of customers) by type of service each month. This procedure is in accordance with the terms and conditions of the contract between the Authority and Northeast Waste Solutions, LLC.

INCOME TAXES – As a political subdivision, the Authority is exempt from federal income taxes under Section 115(1) of the Internal Revenue Code.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

COMPENSATED ABSENCES – Vacation and sick leave is granted to all employees. Vacation time accrued varies from 14 to 26 days depending upon years of service. The maximum amount of vacation time that may be accumulated is twice the amount that may be earned in one calendar year. Accumulated vacation leave vests and the Authority is obligated to make payment even if the employee terminates. Accumulated sick leave is not paid out to the employee upon separation, if separation occurs before retirement eligibility. Upon retirement the employee is eligible to receive a lump sum payout of one hour for every three hours accrued if the employee has at least 960 hours. The liability for sick leave consists of unpaid, accumulated annual sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive separation payments and other employees who are expected to become eligible in the future to receive such payments upon separation are included. The amount of unpaid vacation and sick leave is charged to expense during the period earned and is probable of payout, and a corresponding liability is established.

PENSIONS – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement Plan (MERP) and additions to/deductions from MERP's fiduciary net position have been determined on the same basis as they are reported by MERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – Postemployment benefits other than pensions (OPEB) are part of an exchange of salaries and benefits for employee services rendered. Of the total benefits offered by employers to attract and retain qualified employees, some benefits, including salaries and active-employee healthcare, are taken while the employees are in active service, whereas other benefits, including postemployment healthcare, are taken after the employees' services have ended. Nevertheless, the benefits constitute compensation for employee services. A liability for OPEB is recognized when earned by employees.

DEFERRED OUTFLOW/INFLOW OF RESOURCES – Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be reported as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The Authority records deferred outflows of resources and deferred inflows of resources related to their participation in MERP and OPEB.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

NET POSITION – Net position of the Authority represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of borrowings used to finance the purchase of those assets. Net position is reported as restricted when there are limitations imposed on the assets' use either through enabling legislation adopted by the Authority, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Authority first applies restricted resources. Unrestricted net position is assets less liabilities that do not meet the definition of net investment in capital assets or restricted.

USE OF ESTIMATES – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. CASH DEPOSITS AND CASH EQUIVALENTS

Cash deposits of the Authority are maintained within the City's pooled portfolio. The City's pooled portfolio consists primarily of time deposits and other securities guaranteed by the United States Government or its agencies. At June 30, 2019 and 2018, the Authority maintained balances of $20,415 and $19,197, respectively, in the City's pooled portfolio which represented 2.36% and 2.26%, respectively, of the City's pooled portfolio.

The City's pooled portfolio is collateralized by securities held by the City or its agent in the City's name as of June 30, 2019 and 2018.

Please refer to the City's Comprehensive Annual Financial Report for additional information on the City's pooled portfolio, including required disclosures of risks and fair value measurements. A copy of the City's separately-issued report can be obtained at www.cityoftulsa.org.

Notes to Basic Financial Statements, continued (in thousands of dollars)

3. CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2019 and 2018 are summarized as follows:

2019:	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable capital assets				
Construction In Progress	$ 171	$ -	$ -	$ 171
Depreciable capital assets:				
Land Improvements	184	226	-	410
Buildings	833	-	6	827
Equipment	20,365	706	328	20,743
	21,382	932	334	21,980
Less accumulated depreciation:				
Land Improvements	(10)	(13)	-	(23)
Buildings	(680)	(7)	(3)	(684)
Equipment	(11,572)	(1,987)	(143)	(13,416)
Total accumulated depreciation	(12,262)	(2,007)	(146)	(14,123)
Depreciable capital assets, net	9,120	(1,075)	188	7,857
Capital assets, net	$ 9,291	$ (1,075)	$ 188	$ 8,028

2018:	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable capital assets				
Construction In Progress	$ 250	$ -	$ 79	$ 171
Depreciable capital assets:				
Land Improvements	159	25	-	184
Buildings	833	-	-	833
Equipment	19,862	503	-	20,365
	20,854	528	-	21,382
Less accumulated depreciation:				
Land Improvements	(4)	(6)	-	(10)
Buildings	(673)	(7)	-	(680)
Equipment	(9,587)	(1,985)	-	(11,572)
Total accumulated depreciation	(10,264)	(1,998)	-	(12,262)
Depreciable capital assets, net	10,590	(1,470)	-	9,120
Capital assets, net	$ 10,840	$ (1,470)	$ -	$ 9,291

The Authority has use of land at no cost that belongs to the City.

Notes to Basic Financial Statements, continued (in thousands of dollars)

4. LONG-TERM LIABILITIES

The changes in long-term liabilities for the years ended June 30, 2019 and 2018 are summarized as follows:

2019:	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**	**Due within One Year**
Long-term liabilities:					
Advance from Tulsa Public Facilities Authority	$ 1,495	$ -	1,483	$ 12	$ 12
Compensated absences	351	348	309	390	255
Net pension liability	4,560	820	-	5,380	-
Total OPEB liability	216	-	7	209	-
Total other long-term liabilities	$ 6,622	$ 1,168	$ 1,799	$ 5,991	$ 267

2018:	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**	**Due within One Year**
Long-term liabilities:					
Advance from Tulsa Public Facilities Authority	$ 2,981	$ -	$ 1,486	$ 1,495	$ 1,401
Vested compensated absences	353	-	2	351	245
Net pension liability	4,579	-	19	4,560	-
Total OPEB liability	180	36	-	216	-
Total other long-term liabilities	$ 8,093	$ 36	$ 1,507	$ 6,622	$ 1,646

The Authority entered into a projects agreement with the City and the Tulsa Public Facilities Authority (the "TPFA"), a blended component unit of the City. The projects agreement provides financing for the acquisition, furnishing, equipping, maintaining, storing, and delivering of trash carts and other capital improvements, equipment and facilities for use in the operations of the Authority's system for solid waste management providing collection and disposal of collectible residential solid waste of the City. The financing is provided by TPFA through the issuance of bonds to be repaid by revenues received by the Authority from the collection of residential solid waste. In the event the Authority fails to make the required payments, the City will be required to make the debt service payments, subject to certain conditions.

In April 2012 TPFA issued $10,900 in capital improvements revenue bonds secured by a pledge by the Authority and the City for the purpose as described in the projects agreement. The reserve funds are held by a trustee and carried on the books of TPFA along with the bonds payable. The bonds carry an interest rate of 4% and mature on April 1, 2020. The final debt service requirement is $1,518. The Authority has recorded an advance from TPFA of $12 at June 30, 2019, with the remainder of the final payment being covered by the reserve account held by TPFA. The outstanding balance at June 30, 2018 was $1,495.

5. PENSION PLAN

Plan Description – Employees of the Authority are provided with pensions through the Municipal Employees' Retirement Plan (MERP) - a cost-sharing multiple-employer defined benefit pension plan administered by the City. MERP provides retirement, disability and death benefits which are established by City ordinance to plan members and beneficiaries. MERP's financial statements and required supplementary information are included in the City's CAFR. The report may be obtained by writing to the City of Tulsa, Office of the Controller, 175 E. 2nd Street, Tulsa, Oklahoma 74103, or online at www.cityoftulsa.org.

Benefits Provided – MERP provides retirement, disability, and death benefits. Retirement benefits are determined based on the employee's highest 30 months of pensionable wages during the last five years of service and a multiplier based on the years of service. Employees entering the plan prior to July 1, 2018, are eligible for full retirement at age 65 and at least 5 years of service or when the years of service plus the employee's age equals or exceeds 80. Reduced benefits are available after age 55 and 5 years of service (Early Retirement). Benefits for Early retirement are reduced 2.5 percent per year prior to age 65. Employees entering the plan on or after July 1, 2018 are eligible for full retirement at age 65, with at least 5 years of service, or when the years of service plus the employee's age equals or exceeds 90. Reduced benefits are available after age 60 and 5 years of service (Early Retirement). Benefits for Early retirement are reduced 6.0 percent per year prior to age 65. Five years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as normal retirement. Death benefits for vested participants are, at the spouse's election, a refund of contribution plus interest or a life annuity of 50 percent of the member's accrued benefit determined based on final average earnings and service as of the date of death.

Contributions – Contributions are set per City ordinance. Employees were required to contribute 6.5 percent of their pensionable wages for the years ended June 30, 2019 and 2018. The Authority was required to contribute 15.5 percent of pensionable wages for the years ended June 30, 2019 and 2018. Actual contributions to the pension plan from MERP were $441 and $428 for the years ended June 30, 2019 and 2018, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Authority reported a liability of $ 5,380 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. Standard update procedures were used to roll forward the total pension liability to June 30, 2019. The liability for June 30, 2018 was $4,560. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2019 and 2018, the Authority's proportion was 2.2910 percent and 2.3229 percent, respectively.

For the year ended June 30, 2019 the Authority recognized pension expense of $1,030 and for the year ended June 30, 2018 pension expense of $405. At June 30, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Notes to Basic Financial Statements, continued (in thousands of dollars)

5. PENSION PLAN, continued

2019:	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual plan experience	$ 25	$ 180
Changes of assumptions	624	-
Net difference between projected and actual earnings on pension plan investments	160	-
Changes in proportion and differences between Authority's contributions and proportionate share of contributions	5	66
Total	$ 814	$ 246

2018:	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual plan experience	$ 50	$ 113
Changes of assumptions	462	19
Net difference between projected and actual earnings on pension plan investments	-	39
Changes in proportion and differences between Authority's contributions and proportionate share of contributions	40	43
Total	$ 552	$ 214

Notes to Basic Financial Statements, continued (in thousands of dollars)

5. PENSION PLAN, continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (gain) as follows.

Year	
2020	$ 282
2021	51
2022	151
2023	84
	$ 568

Actuarial assumptions – The total pension liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement. The assumptions changed from 2018 as follows: Inflation decreased from 3.0 to 2.5 percent, salary increases changed from 4.00-11.75 percent to 3.50-11.25 percent, and investment rate of return decreased from 7.50 to 7.00 percent.

Inflation	2.50 percent
Salary increases	3.50 to 11.25 percent, including inflation.
Investment rate of return	7.00 percent compounded annually, net of investment expense and including inflation

Mortality rates were based on RP-2014 Combined Healthy Mortality Tables with Blue Collar adjustments. Generational mortality improvements with Scale MP-2015 are from the table's base year of 2014.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2015.

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

Notes to Basic Financial Statements, continued (in thousands of dollars)

5. PENSION PLAN, continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	24%	1.16%
Domestic equity	36%	6.19%
International equity	24%	6.59%
Real estate	8%	4.24%
Commodities	3%	0.95%
Timber	4%	4.15%
Cash	1%	0.11%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the participating employers will be made as specified in MERP's funding policy. Beginning July 1, 2017, and all future years, it is assumed that the employer contribution rate will be 15.50% percent of payroll, which is the actuarially determined contribution rate. Based on those assumptions, MERP's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate – The following presents the Authority's proportionate share of the net position liability calculated using the discount rate of 7.00 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate. The discount rate in 2018 was 7.50 percent.

2019	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	$ 7,324	$ 5,380	$ 3,759

2018	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net pension liability	$ 6,373	$ 4,560	$ 3,041

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the City's CAFR; which can be located at www.cityoftulsa.org.

6. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

Plan Description – The Authority provides postemployment health care benefits for retired employees and their dependents through participation in the City of Tulsa Postretirement Medical Plan (the "Plan"), a multiple-employer defined benefit health care plan. The benefits, coverage levels, employee contributions, and employer contributions are governed by the City through its personnel and union contracts and are funded on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue a stand-alone financial report.

Benefits Provided – All health care benefits are provided through the City's fully insured health plan. The benefit levels are the same as those offered to active employees. Benefits include general inpatient and outpatient medical services and prescriptions. General employees are eligible for membership in the plan if they retire from the City on or after age 55 with 5 years of service or with age and service totaling 80 points. Coverage ceases upon eligibility of the member (retiree or dependent) for Medicare. Coverage for dependents can continue upon the death of the retiree. Spouses of employees eligible for benefits and who die in active service can receive coverage.

Contributions – Contribution rates are set by the City. Retiree plan participants pay the entire amount of the premium charged by the insurer for coverage thus the City does not directly contribute to the Plan. Retiree and active employee participants are included in the same cost pool used to determine rates set by the insurer. An implicit subsidy results from this method of rate setting.

OPEB Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2019, the Authority reported a liability of $209 for its proportionate share of the OPEB liability. The total OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018. Standard update procedures were used to roll forward the total OPEB liability to June 30, 2019. The total OPEB liability for June 30, 2018 was $216. The Authority's proportion of the total OPEB liability was based on the Authority's share of active employee participants relative to the active employees of all participating employers. At June 30, 2019 and 2018, the Authority's proportion was 3.3997 percent and 3.4233 percent, respectively.

For the years ended June 30, 2019 and 2018 the Authority recognized OPEB expense of $26 and $27, respectively. At June 30, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Notes to Basic Financial Statements, continued (in thousands of dollars)

6. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

2019:	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual plan experience	$ 26	$ 11
Changes of assumptions	9	5
Changes in proportion and differences between Authority's contributions and proportionate share of contributions	7	2
Total	$ 42	$ 18

2018:	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual plan experience	$ 34	$ -
Changes of assumptions	7	7
Changes in proportion and differences between Authority's contributions and proportionate share of contributions	9	2
Total	$ 50	$ 9

Amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Authority's OPEB expense over the average remaining service lives of plan participants (active and retirees) as follows:

Year	
2020	9
2021	9
2022	4
2023	2
	$ 24

Notes to Basic Financial Statements, continued (in thousands of dollars)

6. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement. The assumptions remain consistent with 2018.

Inflation	3.0 percent
Salary increases	4.00 to 11.75 percent, including 3.0% inflation and 1.0% productivity
Healthcare cost trend rate	8.5% for 2019, decreasing by 0.5 % annually to an ultimate rate of 5%

Thirty-five percent of future retirees with coverage are assumed to elect healthcare coverage.

Mortality rates were based on RPH-2017 Total Dataset Mortality fully generational using Scale 2017.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2015, with the exception of the healthcare election rate which was based on an experience study from June 30, 2010 through 2016.

Discount Rate – The OPEB plan is financed on a pay-as-you-go basis, thus a long-term rate of return was not used. The discount rate used to measure the total OPEB liability was 3.87 and 3.51 percent as of June 30, 2018 and 2019, respectively, based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Notes to Basic Financial Statements, continued (in thousands of dollars)

6. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Sensitivity of the Authority's proportionate share of the total OPEB liability to changes in the discount rate – The following presents the Authority's proportionate share of the total OPEB liability calculated using the discount rate of 3.51 percent, as well as what the Authority's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.51 percent) or 1-percentage-point higher (4.51 percent) than the current rate:

2019	1% Decrease (2.51%)	Current Discount Rate (3.51%)	1% Increase (4.51%)
Authority's proportionate share of the total OPEB liability	$ 224	$ 209	$ 194

2018	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Authority's proportionate share of the total OPEB liability	$ 232	$ 216	$ 201

Sensitivity of the Authority's proportionate share of the total OPEB liability to changes in the healthcare cost trend rate – The following presents the Authority's proportionate share of the total OPEB liability calculated using the healthcare cost trend rate of 8.5 percent decreasing to 5.0 percent, as well as what the Authority's proportionate share of the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (7.5 percent) or 1-percentage-point higher (9.5 percent) than the current rate:

2019	1% Decrease (7.5% decreasing to 4.0%)	Current Rate (8.5% decreasing to 5.0%)	1% Increase (9.5% decreasing to 6.0%)
Authority's proportionate share of the total OPEB liability	$ 189	$ 209	$ 231

2018	1% Decrease (8.0% decreasing to 4.0%)	Current Rate (9.0% decreasing to 5.0%)	1% Increase (10.0% decreasing to 6.0%)
Authority's proportionate share of the total OPEB liability	$ 198	$ 216	$ 237

Notes to Basic Financial Statements, continued (in thousands of dollars)

7. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions and natural disasters. The City purchases commercial insurance for general liability and property damage as well as employee health and dental. The Authority is` included in the City's insurance policies and premium costs are passed on to the Authority through indirect cost allocation. The Authority is responsible for deductibles relating to specific claims pertaining to the Authority. There have been no significant reductions in insurance coverage during the year and there were no settlement amounts in excess of the insurance coverage in the current year or in the three prior years.

The Authority also participates in the City's workers compensation self-insurance program. The City retains all risk of loss for workers' compensation claims.

8. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2019 and 2018, the Authority conducted the following transactions with related parties:

	2019	2018
Payments in lieu of taxes to City of Tulsa	$ 1,636	$ 1,634
Insurance and indirect cost reimbursement to City of Tulsa	$ 1,503	$ 1,468
Refuse service revenue from City of Tulsa	$ 211	$ 202
Charges paid to City of Tulsa for fuel and equipment maintenance	$ 684	$ 694
Payments to Tulsa Public Facilities Authority for loan financing	$ 1,497	$ 1,541

Required Supplementary Information (in thousands of dollars)

Municipal Employees' Retirement Plan
Schedule of Proportionate Share - For the current and prior five years

Year	Authority's proportion of net pension liability	Authority's proportionate share of net pension liability	Authority's covered payroll	Authority's proportionate share of net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of total pension liability
2019	2.2910%	$ 5,380	$ 2,845	189%	66.91%
2018	2.3229%	4,560	2,774	164%	70.61%
2017	2.3177%	4,579	2,700	170%	69.39%
2016	2.3555%	5,095	2,766	184%	65.62%
2015	2.3682%	2,966	2,454	121%	77.13%
2014	2.2576%	2,522	2,503	101%	79.29%

* Prior year information is not available.

Changes of assumptions. In 2016, amounts reported as changes of assumptions resulted primarily from changes in the mortality table and discount rate from 7.75% to 7.50%. In 2019 the inflation rate decreased from 3.00% to 2.50%, salary increases changed from 4.00%-11.75% to 3.50%-11.25%, and investment rate of return (and discount rate) decreased from 7.50% to 7.00%.

Municipal Employees' Retirement Plan
Schedule of Employer Contributions - Last ten years

Year	Contractually Required Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2019	$ 438	$ 441	(3)	$ 2,845	15.50%
2018	429	432	(3)	2,786	15.50%
2017	322	322	-	2,800	11.50%
2016	312	312	-	2,712	11.50%
2015	296	377	(81)	2,647	14.24%
2014	244	244	-	2,122	11.50%
2013	225	225	-	2,250	10.00%
2012	205	295	(90)	2,206	13.37%
2011	153	211	(58)	2,427	8.69%
2010	164	164	-	2,605	6.30%

TULSA AUTHORITY FOR RECOVERY OF ENERGY
(A Component Unit of the City of Tulsa, Oklahoma)
Required Supplementary Information (in thousands of dollars)
June 30, 2019

Postemployment Benefits Other than Pensions Plan
Schedule of Proportionate Share - For the current and prior three years

Year	Authority's proportion of total OPEB liability	Authority's proportionate share of total OPEB liability	Authority's covered payroll	Authority's proportionate share of total OPEB liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of total OPEB liability
2019	3.3997%	$ 209	3,658	5.7%	0.00%
2018	3.4233%	216	3,541	6.1%	0.00%
2017	3.1996%	180	3,333	5.4%	0.00%
2016	3.2614%	196	3,267	6.0%	0.00%

* Prior year information is not available.

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2019	3.51%
2018	3.87%
2017	3.56%
2016	4.00%

Postemployment Benefits Other than Pensions Plan
Schedule of Employer Contributions - Last four years

Year	Contractually Required Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2019	$ 16	$ 16	$ -	$ 3,658	0.44%
2018	7	7	-	3,541	0.20%
2017	39	39	-	3,333	1.17%
2016	26	26	-	3,267	0.80%

* Prior year information is not available

RSM

TULSA DEVELOPMENT AUTHORITY

(A Component Unit of the City of Tulsa, Oklahoma)

FINANCIAL REPORTS

June 30, 2019 and 2018

TULSA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
Index
Years Ended June 30, 2019 and 2018

PLACEHOLDER

Audit Opinion

_________, 2019

As the management of the Tulsa Development Authority (the "Authority"), a component unit of the City of Tulsa, Oklahoma (the "City"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended June 30, 2019 and 2018. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements and notes as a whole. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

The assets of the Authority exceeded its liabilities at the close of the current year by $34,960. Of this amount, $279 is invested in capital assets, $8,251 is restricted for capital projects, $21,676 is restricted for developer programs, $169 is restricted for other purposes, and $4,585 is unrestricted and may be used to meet the Authority's ongoing obligations. The assets of the Authority exceeded its liabilities at the close of 2018 by $37,337.

During 2019, the Authority's net position decreased $2,377 to $34,960. During 2018, the Authority's net position decreased $395.

The Authority's operating revenues decreased to $143 in 2019 from $868 in 2018, an 83.5% decrease. In 2018, the Authority's operating revenues increased to $868 from $318, a 173% increase.

Overview of the Financial Statements

The Authority, a legally separate special purpose entity, is reported by the City as a discretely presented component unit in the City's Comprehensive Annual Financial Report. The primary function of the Authority is to benefit the City by the rehabilitation, conservation, redevelopment, or a combination thereof, of blighted areas to ensure the public health, safety, and welfare of its residents.

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements include: 1) Statement of Net Position, 2) Statement of Revenues, Expenses, and Changes in Net Position, 3) Statement of Cash Flows, and 4) Notes to the Financial Statements.

Financial Analysis

The financial statements of the Authority report information using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the creditors (liabilities). It also provides the basis for assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the financial success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness.

Financial Analysis, continued

The third required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and changes in cash resulting from operating, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the period. The notes to the financial statements provide additional information necessary for a full and complete understanding of the data provided in the financial statements.

NET POSITION

The Authority's net position decreased $2,377 or 6.37% to $34,960 during the year ended June 30, 2019. The following table provides a summary of net position:

SUMMARY OF NET POSITION

	2019	2018	2017
Current assets	$ 20,730	$ 20,407	$ 16,806
Capital assets, net	279	287	302
Noncurrent assets	15,179	18,262	21,266
Total assets	36,188	38,956	38,374
Current liabilities	682	1,087	126
Noncurrent liabilities	546	532	501
Total liabilities	1,228	1,619	627
Deferred Inflows of Resources:			
Property tax revenue	-	-	15
Total Deferred Inflows of resources	-	-	15
Net position:			
Investment in capital assets	279	287	302
Restricted: Capital projects	8,251	10,055	11,936
Restricted: Developer programs	21,676	21,542	19,869
Restricted: Other purposes	169	109	109
Unrestricted	4,585	5,344	5,516
Total net position	$ 34,960	$ 37,337	$ 37,732

Net Position, continued

The following changes occurred in 2019:

- Current assets increased $323, due to a decrease of $3,499 in cash and cash equivalents, an increase in receivables of $53, and an increase in current portion of notes receivable $3,769.

- Current liabilities decreased $405 as a result of decrease in accounts payable due to timing of invoice payments.

The following changes occurred in 2018:

- Current assets increased $3,601, due to a decrease of $1,317 in cash, a decrease in property tax receivable of $15 as the result of tax increment financing districts expiring, and an increase in current portion of Notes Receivable $4,938.

- Current liabilities increased $961 as a result of increase in accounts payable due to timing of invoice payments.

Noncurrent assets decreased $3,091 in 2019 primarily as a result of a decrease in notes receivable of $1,550, decrease in cash and cash equivalents of $1,545 and increase in Land Held for Resale of $12. In 2018, noncurrent assets decreased $3,004 primarily as a result of a decrease in notes receivable of $4,351, increase in cash of $1,677 and decrease in Land Held for Resale of $330.

Noncurrent liabilities increased $14 in 2019 and increased $31 in 2018. The 2019 increase is the result of increased noncurrent escrow deposits on land sales for development.

SUMMARY OF CHANGES IN NET POSITION

	2019	2018	2017
Operating revenues	$ 143	$ 868	$ 318
Investment income	531	212	59
Contributions of sales tax from City	-	1,703	255
Ad valorem tax and sales tax	-	118	1,287
Other income	-	2	-
Total revenues	674	2,903	1,919
Depreciation expense	15	15	15
Other operating expense	948	1,158	1,028
Payments to Tulsa Parking Authority	-	147	-
TIF Reimbursements to the County	306	-	-
TIF Reimbursements to the City	315	-	237
Total expenses	1,584	1,320	1,280
Capital contributions to primary government	(1,467)	(1,978)	(745)
Change in net position	(2,377)	(395)	(106)
Net position, beginning of year	37,337	37,732	37,838
Net position, end of year	$ 34,960	$ 37,337	$ 37,732

In 2019, revenues decreased $2,229 or 76.8% due to decreased land sales. Expenses increased $264 or 20.0% as a result of excess collections of sales tax and ad valorem taxes being returned to the City and County, respectively. This resulted in a decrease in net position of $2,377 or 6.4%.

In 2019, a decrease in property rentals of $45 along with a decrease of $680 in land sales caused a $725 or 83.5% decrease in operating revenues. The decrease in property rentals was due to the sale of a surface parking lot.

In 2018, revenues increased $984 or 51.3% due to increased sale of land offset by decreased ad valorem and sales tax collection due to tax increment financing districts expiring in previous year. Expenses increased $40 or 3.1% due to a payment to Tulsa Parking Authority for capital expenditures. This resulted in a decrease in net position of $395 or 1.0%.

In 2018, a decrease in property rentals of $19 along with an increase of $569 in gain on sale of land caused a $550 or 172.9% increase in operating revenues. The decrease in property rentals was due to a decrease in daily and special event rentals on a surface parking lot. The increase in gain on sale of land was due to increased sale transactions during the year.

Investment income increased $319 in 2019 due to an increase in the interest rate earned on pooled cash held by the Authority.

CAPITAL ASSETS

The Authority's investment in capital assets as of June 30, 2019 was $279 (net of accumulated depreciation). This investment in capital assets includes buildings and equipment. There was an equipment acquisition of $7 during the year.

CAPITAL ASSETS

	2019	2018	2017
Land	$ 35	$ 35	$ 35
Buildings	629	629	629
Equipment	7	41	41
Capital assets, total	671	705	705
Less accumulated depreciation	(392)	(418)	(403)
Capital assets, net	$ 279	$ 287	$ 302

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority's appointed officials considered many factors when setting the 2020 budget and fees charged for business-type activities. Lease revenues on commercial office space owned by the Authority are governed by rates negotiated in long-term leases.

At the national level, unemployment declined to 3.7% at the end of fiscal-year 2019, a decline of 0.3% from last year. Unemployment in the City of Tulsa was slightly below the national level during fiscal year 2019. The rate was 3.2% at the end of fiscal-year, a decrease of 0.5% from last year.

The Authority acquires properties in Tulsa in order to assist in diverse areas of emphasis including tax increment financing (TIF) administration, neighborhood improvement, residential and commercial economic development, code enforcement, flood area remediation and removal and redevelopment of blighted properties. The Authority remarkets the properties by offering loans at attractive rates funded by sales tax received from the City. Properties in the central business district of Tulsa continued to increase in value as the result of various economic development initiatives. The Authority did not experience any significant losses related to the remarketing of these properties.

Office vacancies in the City of Tulsa increased from 12.9% to 13.9% in the period July 2018 through June 2019 due to an increase in available office space. The commercial real estate leasing environment in Tulsa improved slightly over the course of the year with average rental rates increasing from $15.28/sf to $16.14/sf. The Authority participates in several projects to convert vacant downtown office buildings to residential living units, and a parking structure for downtown business use. Expenditures related to these projects are financed by the City of Tulsa from its sales tax collections.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES, Continued

The Authority expends sales tax and ad valorem tax previously collected in TIF districts in accordance with the approved Plan for each TIF. All of the TDA managed TIF's have expired; however, all funds have not yet been disbursed.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Tulsa Development Authority, 1216 N. Lansing Ave., Suite D, Tulsa, Oklahoma 74106.

TULSA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF NET POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS	(in thousand of dollars)	
Current assets:		
Cash and cash equivalents	$ 2,422	$ 3,916
Cash and cash equivalents - restricted	9,461	11,466
Receivables	136	83
Prepaid expense	4	4
Current portion of notes receivable - restricted	8,707	4,938
Total current assets	20,730	20,407
Noncurrent assets:		
Cash and cash equivalents - restricted	643	2,188
Land held for resale	273	261
Non-depreciable capital assets	35	35
Depreciable capital assets, net	244	252
Notes receivable	2,749	2,587
Notes receivable - restricted	11,514	13,226
Total noncurrent assets	15,458	18,549
Total assets	36,188	38,956
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	657	1,071
Compensated absences	25	16
Total current liabilities	682	1,087
Noncurrent liabilities:		
Escrow and security deposits	453	437
Compensated absences	93	95
Total noncurrent liabilities	546	532
Total liabilities	1,228	1,619
NET POSITION		
Investment in capital assets	279	287
Restricted for:		
Capital projects	8,251	10,055
Developer programs	21,676	21,542
Other purposes	169	109
Unrestricted net position	4,585	5,344
Total net position	$ 34,960	$ 37,337

The accompanying notes are an integral part of these financial statements.

TULSA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2019 and 2018

	2019	2018
	(In thousands of dollars)	
Operating revenues:		
Property rentals	$ 51	$ 96
Gain on sale of land held for resale, including other income	92	772
Total operating revenues	143	868
Operating expenses:		
Salaries and wages	366	334
Materials and supplies	4	5
Other services and charges	105	68
Escrow deposit refund	-	73
Other acquisition services	-	67
Building operations	32	39
Vegetative control	170	163
Legal services	226	280
Audit services	26	25
Consulting services	18	70
Rehabilitation grants	1	34
Depreciation	15	15
Total operating expenses	963	1,173
Operating income (loss)	(820)	(305)
Nonoperating revenues (expenses):		
Investment income	531	212
Ad valorem tax and sales tax revenue	-	118
Payments to Tulsa Parking Authority	-	147
Reimbursements	-	2
TIF reimbursements to Tulsa County	(306)	-
TIF reimbursements to the City	(315)	-
Contributions of sales tax from the City	-	1,703
Total nonoperating revenues (expenses)	(90)	2,182
Income (loss) before contributions	(910)	1,877
Capital contributions to primary government	(1,467)	(1,978)
Change in net position	(2,377)	(395)
Net position, beginning of year	37,337	37,732
Net position, end of year	$ 34,960	$ 37,337

The accompanying notes are an integral part of these financial statements.

TULSA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	2019	2018
	(In thousands of dollars)	
Cash flows from operating activities:		
Receipts from customers	$ 159	$ 1,709
Payments to suppliers	(1,086)	(350)
Payments to employees	(359)	(317)
Net cash (used for) provided by for operating activities	(1,286)	1,042
Cash flows from noncapital financing activities:		
Payments to Tulsa Parking Authority	-	(147)
Contributions of sales tax from the City	-	1,703
TIF reimbursements to Tulsa County	(306)	-
TIF reimbursements to the City	(315)	-
Issuance of notes receivable	(2,270)	(587)
Re-payments of notes receivable	52	-
Reimbursements	-	2
Ad Valorem and sales tax receipts	-	118
Net cash (used for) provided by noncapital financing activities	(2,839)	1,089
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(7)	-
Capital contributions to primary government	(1,467)	(1,978)
Net cash used for capital and related financing activities	(1,474)	(1,978)
Cash flows from investing activities:		
Investment income	555	207
Net cash provided by investing activities	555	207
Net (decrease) increase in cash and equivalents	(5,044)	360
Cash and cash equivalents, beginning of year	17,570	17,210
Cash and cash equivalents, end of year	$ 12,526	$ 17,570
Reconciliation of cash and cash equivalents to the Statements of Net Position:		
Current unrestricted cash and cash equivalents	$ 2,422	$ 3,916
Current restricted cash and cash equivalents	9,461	11,466
Noncurrent restricted cash and cash equivalents	643	2,188
	$ 12,526	$ 17,570
Reconciliation of operating loss to net cash (used for) provided by operating activities:		
Operating loss	$ (820)	$ (305)
Adjustments		
Depreciation	15	15
(Increase) decrease in land held for resale, including gain on sale	(12)	330
(Increase) decrease in receivables and other assets	(78)	11
(Decrease) increase in payables and other liabilities	(391)	991
Net cash (used for) provided by operating activities	$ (1,286)	$ 1,042

The accompanying notes are an integral part of these financial statements.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS AND REPORTING ENTITY - The Tulsa Development Authority (the "Authority") is accounted for as a special purpose government engaged solely in business-type activities. The Authority was created by the City of Tulsa under the provisions of Title 11 Oklahoma Statutes Section 38-101 et. seq. as an Oklahoma Urban Renewal Authority, a Corporate Body Politic. The City of Tulsa is the beneficiary of the Authority. The purpose of the Authority is to exercise all powers conferred upon it by the statutes of the State of Oklahoma and the Bylaws of the Authority for the purposes of TIF administration, neighborhood improvement, residential and commercial economic development, code enforcement, flood area remediation and removal and redevelopment of blighted properties.

Commissioners are appointed by the Mayor. The City provides certain resources to the Authority. The City is the sole beneficiary of the Authority and will receive the remaining assets upon termination. The Authority is a component unit of the City (the primary government) and is included in the City's Comprehensive Annual Financial Report as a discretely presented component unit.

BASIS OF ACCOUNTING – The financial statements of the Authority are prepared in accordance with generally accepted accounting principles ("GAAP") as applied to business type activities of governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. All amounts are expressed in thousands unless otherwise noted.

The financial statements of the Authority have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Voluntary nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions. Investment income and voluntary nonexchange transactions are included in nonoperating revenues and expenses.

CASH AND CASH EQUIVALENTS - Cash and cash equivalent balances are held within the City's pooled portfolio. TDA's cash and cash equivalents are recorded at the net asset value of its position in the City's pooled portfolio.

TDA is allocated interest monthly based on their average daily position in the City's pooled portfolio. Changes in fair value of the City's pooled portfolio are allocated annually based on TDA's position as of June 30.

For purposes of reporting cash flows, TDA considers all highly liquid debt instruments with an original maturity of three months or less when purchased, and amounts held by the City's portfolio pool, to be cash equivalents.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

The amounts held in the City's pooled portfolio are considered liquid as they are available to be withdrawn on demand, with no redemption restrictions.

NOTES RECEIVABLE - Notes receivable represents loans made to developers as a part of the Authority's Vision 2025 and Downtown Housing projects. These loans are to be made to promote the economic vitality of the City's downtown and are for voter-approved projects. These notes are fully collateralized by the mortgages on the properties or an irrevocable letter of credit.

CAPITAL ASSETS - Capital assets, with an initial cost of $5 or more and a useful life of greater than one year, are stated at cost. Donated assets are recorded at acquisition value as of the date donated. Assets placed in service are depreciated on a straight-line basis over the estimated service life below:

	Estimated Service Life
Buildings	50 years
Equipment	5 to 15 years

LAND HELD FOR RESALE - Land acquired for neighborhood revitalization and held for resale by the Authority is recorded at the lower of cost or net realizable value.

COMPENSATED ABSENCES - Vacation and sick leave is granted to all employees. Vacation time accrued varies from 14 to 26 days depending upon years of service. The maximum amount of vacation time that may be accumulated is twice the amount that may be earned in one calendar year. Accumulated vacation leave vests and the Authority is obligated to make payment even if the employee terminates. Accumulated sick leave is not paid out to the employee upon separation, if separation occurs before retirement eligibility. Upon retirement the employee is eligible to receive a lump sum payout of one hour for every three hours accrued if the employee has at least 960 hours. The liability for sick leave consists of unpaid, accumulated annual sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive separation payments and other employees who are expected to become eligible in the future to receive such payments upon separation are included. The amount of unpaid vacation and sick leave is charged to expense during the period earned and is probable of payout, and a corresponding liability is established.

RESTRICTED CASH AND CASH EQUIVALENTS – Cash relating to the Authority's participation in the Community Development Block Grant and Home Investment Partnership programs of HUD, as well as resources from the Authority's rehabilitation loan programs, are reported as restricted on the statement of net position because they are used within the guidelines of the original grant programs. Restricted cash and cash equivalents also includes sales tax revenue and ad valorem tax revenue restricted for capital projects and developer programs by enabling legislation.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

RESTRICTED NOTES RECEIVABLE – Notes relating to the Authority's participation in the Community Development Block Grant and Home Investment Partnership programs of HUD, as well as resources from the Authority's rehabilitation loan programs, are reported as restricted on the statement of net position because they were authorized within the guidelines of the original grant programs. Restricted notes also include funds provided by sales tax revenue and ad valorem tax revenue which are restricted for capital projects and developer programs by enabling legislation.

NET POSITION - Net position of the Authority represents the difference between assets and liabilities. Investment in capital assets consists of capital assets net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Authority first applies restricted resources. As of June 30, 2019, $8,251, $21,676 and $169 were restricted for capital projects, development projects and other purposes, respectively. As of June 30, 2018, $10,055, $21,542 and $109 were restricted for capital projects, development projects and other purposes, respectively. Unrestricted net position is assets less liabilities that do not meet the definition of investment in capital assets or restricted.

INCOME TAXES - With regards to federal income taxes, the Authority is nontaxable as a political subdivision under Section 115(1) of the Internal Revenue Code.

REVENUE AND EXPENSES – Non-exchange revenue is recognized when all applicable eligibility requirements, including time requirements are met. Resources received by the Authority before the eligibility requirements are met are reported as unearned revenue.

Operating revenues consist of property rentals on single-family and commercial properties held by the Authority. Operating revenues also include gains on sales of land inventory held for resale and recovery of the cost of disposing land on behalf of the City of Tulsa.

Operating expenses consist of all costs incurred to administer the acquisition, maintenance and resale of properties targeted for redevelopment. All revenues and expenses not meeting these descriptions are considered nonoperating revenues and expenses.

Nonoperating revenue consists of interest earned on deposits, payments from the City, grant revenue from other governmental entities, contributions, and ad valorem and sales tax revenue. The Authority receives ad valorem tax on real property located within certain tax-increment financing (TIF) districts. Ad valorem taxes are levied each October 1st on the assessed valuation of non-exempt real property located in the City as of the preceding January 1st, the lien date. Property taxes are due on November 1st following the levy date, although they may be paid in two equal installments (if the first installment is paid prior to January 1st, the second installment is not delinquent until April 1st). Ad valorem taxes are collected by the Treasurer of Tulsa County and are remitted to the City. Property tax receivables are recorded on the lien date, although the related revenue is reported as a deferred inflow of resources and will not be

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

recognized until the year for which it is levied. Sales taxes are collected by the State of Oklahoma and remitted to the City the month following collection. The City retains the sales tax until the revenue in the tax increment financing districts is certified by the City. The incremental revenue is remitted to the Authority in the year following the collection. The Authority records the sales tax revenue in the period when the certification occurs. The Authority experienced a significant decline in ad valorem and sales tax revenue in fiscal year 2018 as the last TIF district expired.

Nonoperating expenses include payments to the primary government and other related entities for nonrecurring items that are not part of the normal operations.

TRANSACTIONS BETWEEN THE CITY AND THE AUTHORITY - The Authority records, as nonoperating revenue, payments from the City that are primarily sales tax dollars provided to subsidize expenditures associated with the Authority's purpose. This revenue may be payments from the City designated for specific projects, or other payments. Payments from the Authority to the City are for the return of program income on the CDBG grant, return of revenue for sale of City owned land, and the return of any excess sales tax collected in the TIF districts. Payments from the Authority to Tulsa County are for the return of excess ad valorem tax collected. These payments are reported as nonoperating expenses. *See Footnote 8* for discussion of payments to the City and Tulsa County. The Authority records, as capital contributions to the City, street improvements, land related to properties that have been acquired and the cost to demolish related buildings and structures.

In 2019, the city reclassified a 2018 $147 payment to the Tulsa Parking Authority from "Capital contributions to primary government" to "Payments to Tulsa Parking Authority".

USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results could differ from those estimates.

2. CASH DEPOSITS AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS - Cash deposits of TDA are held within the City's pooled portfolio. The City's pooled portfolio consists primarily of time deposits and other securities guaranteed by the United States Government or its agencies. At June 30, 2019 and 2018, TDA maintained balances of $12,526 and $17,570, respectively, in the City's pooled portfolio which represented 1.45% and 2.06%, respectively of the City's pooled portfolio.

The City's pooled portfolio is collateralized by securities held by the City or its agent in the City's name as of June 30, 2019 and 2018.

Please refer to the City's Comprehensive Annual Financial Report for additional information on the City's pooled portfolio, including required disclosures of risk and fair value

2. CASH DEPOSITS AND CASH EQUIVALENTS, continued

measurement techniques. A copy of the City's separately-issued report can be obtained at www.cityoftulsa.org.

3. LAND HELD FOR RESALE

The cost of land acquired and held for resale was $1,079 and $1,154 at June 30, 2019, and 2018, respectively, and was reduced to lower of cost or net realizable value of $273 and $261 for the years ended June 30, 2019, and 2018, respectively. There was no decrease in market value of land held for sale for the years ended June 30, 2019, and 2018.

NOTES TO FINANCIAL STATEMENTS (In thousands of dollars)

4. CAPITAL ASSETS

The changes in capital assets during the years ended June 30, 2019 and 2018 are summarized as follows:

2019:	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**
Non-depreciable capital assets:				
Land	$ 35	$ -	$ -	$ 35
Total non-depreciable capital assets	35	-	-	35
Depreciable capital assets:				
Buildings	629	-	-	629
Equipment	41	7	41	7
Total depreciable capital assets	670	7	41	636
Less accumulated depreciation:				
Buildings	(377)	(15)	-	(392)
Equipment	(41)	-	(41)	-
Total accumulated depreciation	(418)	(15)	(41)	(392)
Total depreciable capital assets, net	252	(8)	-	244
Capital assets, net	$ 287	$ (8)	$ -	$ 279

2018:	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**
Non-depreciable capital assets:				
Land	$ 35	$ -	$ -	$ 35
Total non-depreciable capital assets	35	-	-	35
Depreciable capital assets:				
Buildings	629	-	-	629
Equipment	41	-	-	41
Total depreciable capital assets	670	-	-	670
Less accumulated depreciation:				
Buildings	(362)	(15)	-	(377)
Equipment	(41)	-	-	(41)
Total accumulated depreciation	(403)	(15)	-	(418)
Total depreciable capital assets, net	267	(15)	-	252
Capital assets, net	$ 302	$ (15)	$ -	$ 287

NOTES TO FINANCIAL STATEMENTS (In thousands of dollars)

5. NOTES RECEIVABLE

The balance of notes receivable to developers was $22,970 and $20,751 at June 30, 2019 and 2018, respectively. There was no allowance for 2019 or 2018. The notes to developers bear an interest rate ranging from zero percent to 3.0 percent per annum until the due date. The notes are due at various dates ranging from fiscal year 2019 through 2030. The notes are secured by either a first or second mortgage on the underlying real estate or an irrevocable letter of credit. Interest due at June 30, 2019 and 2018 totaled $63 and $43, respectively.

Principal Payments Due in Subsequent Years:

2020	8,707
2021	3,051
2022	6,011
2023	2,052
2024	52
2025-2030	3,097
Total	$ 22,970

6. RISK MANAGEMENT

The Authority maintains insurance coverage for commercial liability and workers' compensation. Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts, if any, have not exceeded insurance coverage for the current year or the three prior years.

7. GENERAL LITIGATION

The Authority is subject to claims and lawsuits that arise primarily in the course of ordinary business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits, if any, will not have a material adverse effect on the net position, changes in net position and cash flows of the Authority.

8. RELATED-PARTY TRANSACTIONS

During the years ended June 30, 2019 and 2018, the Authority conducted the following transactions with related parties:

	2019	2018
Payments to Tulsa Parking Authority for capital improvements	$ -	$ 147
Contributions of sales tax dollars from the City for developer loans	$ -	$ 1,703
TIF reimbursement to the City	$ 315	$ -
TIF reimbursement to Tulsa County	$ 306	$ -
Capital contributions to City for capital improvements	$ 1,467	$ 1,978

NOTES TO FINANCIAL STATEMENTS (In thousands of dollars)

9. PENSION PLAN

Employees of the Authority participate in a defined contribution retirement plan, Tulsa Development Authority 403(b) Retirement Plan (the "Plan"), created in accordance with Internal Revenue Code Section 403(b). The Plan was adopted by the Authority on November 12, 2009. The Plan provides benefits at retirement to the employees of the Authority. Employees may contribute up to the annual maximum set by the Internal Revenue Service. The Authority matches up to 6% of the employee contribution. At June 30, 2019, there were two plan members. The Authority contributed $11 and $14 for the years ended June 30, 2019 and 2018, respectively.

10. COMMITMENTS

The Authority has construction and loan commitments outstanding of $4,143 as of June 30, 2019, related to sales tax, tax increment financing and redevelopment projects. The commitments are available for future periods until the commitment is either fully spent or the project is complete and the Authority is relieved of the remaining commitment.

11. COMPENSATED ABSENCES

The changes in compensated absences are summarized as follows:

2019:

Beginning Balance	Additions	Deletions	Ending Balance	Due in one year
$ 111	$ 7	$ -	$ 118	$ 25

2018:

Beginning Balance	Additions	Deletions	Ending Balance	Due in one year
$ 94	$ 17	$ -	$ 111	$ 16

12. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS

The GASB has issued several statements which have not yet been implemented by the Authority. The statements which may have a future impact on the Authority are as follows:

GASB Statement No. 84, *Fiduciary Activities*, effective for reporting periods beginning after December 15, 2018, will enhance consistency and comparability by (1) establishing specific

12. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS, continued

criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Management is still evaluating the applicability of Statement No. 84 to the Authority.

GASB Statement No. 87, *Leases*, effective for reporting periods beginning after December 15, 2019, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management is still evaluating the impact this statement will have on the financial statements.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)

FINANCIAL REPORT
June 30, 2019 and 2018

INDEX

Years Ended June 30, 2019 and 2018

RSM US LLP

Independent Auditor's Report

Board of Trustees
Tulsa Metropolitan Utility Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Tulsa Metropolitan Utility Authority (the Authority), a component unit of the City of Tulsa, Oklahoma, as of and for the years ended June 30, 2019 and 2018, and the related notes to the basic 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. 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 business-type activities and each major fund of the Authority, as of June 30, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and pension information, as listed in the table of contents, 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

RSM US LLP

Kansas City, Missouri
November 27, 2019

As management of the Tulsa Metropolitan Utility Authority (the "Authority"), a component unit of the City of Tulsa, Oklahoma (the "City"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended June 30, 2019 and 2018. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 10. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the current year by $1,218,821. Of this amount, $179,623 is unrestricted and may be used to meet the Authority's ongoing obligations.

- The Authority's net position increased from $1,146,274 at June 30, 2018 to $1,218,821 at June 30, 2019. During 2019, the Authority generated an increase in net position of $72,547 compared to an increase in net position of $86,663 during 2018.

- The Authority's cash and cash equivalents at June 30, 2019, were $300,845, representing an increase of $27,273 from June 30, 2018.

Overview of the Financial Statements

The Authority, a legally separate public trust, is reported by the City as a discretely presented component unit in the City's Comprehensive Annual Financial Report. The primary function of the Authority is to provide for water delivery and wastewater utility systems.

This discussion and analysis is intended to serve as an introduction to the Authority's audit report. The audit report consists of two parts: management's discussion and analysis, and the financial statements. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Financial Statements

The Authority uses fund accounting in its financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority has one fund type, proprietary, and reports two enterprise funds. Enterprise funds are used to report the functions presented as business-type activities.

These statements offer short-term and long-term financial information about its activities. The Statement of Net Position includes all of the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the financial success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The third financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and changes in cash resulting from operating, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the period.

Net Position

The Authority's net position increased $72,547 for the year ended June 30, 2019 and $86,663 for the year ended June 30, 2018. The following table provides a summary of net position.

SUMMARY OF NET POSITION

	2019	2018	2017 (as restated)
Current assets, unrestricted	$ 251,254	$ 229,353	$ 186,406
Restricted assets	84,506	99,013	106,180
Capital assets, net	1,332,976	1,287,972	1,254,038
Other assets	27,850	26,036	19,787
Total assets	1,696,586	1,642,374	1,566,411
Total deferred outflows of resources	12,772	9,709	15,139
Current liabilities	72,102	74,493	65,453
Noncurrent liabilities	413,959	426,187	447,165
Total liabilities	486,061	500,680	512,618
Total deferred inflows of resources	4,476	5,129	9,321
Net investment in capital assets	1,024,339	967,854	928,441
Restricted	14,859	14,091	13,145
Unrestricted	179,623	164,329	118,025
Total net position	$ 1,218,821	$ 1,146,274	$ 1,059,611

In 2019 total assets increased $54,212. The increase in unrestricted current assets of $21,901 is primarily related to increases in cash of $25,658, partially offset by decrease in net utilities receivables of $4,450. The net decrease in restricted assets of $14,507 is primarily attributable to spending of debt proceeds to fund capital expansion offset by proceeds of debt issued in the current year to fund capital expansion. The $45,004 increase in capital assets is consistent with the improvement and expansion of both utility systems and is necessary to provide adequate services to our customers and to assure compliance with all applicable laws and regulations. Total deferred outflows of resources increased $3,063 due to an increase in deferred outflows of pension related resources of $3,264, partially offset by a decrease in deferred charge on refunding of previous revenue bonds of $124 . Total liabilities decreased $14,619 due primarily to decreases in promissory notes of $13,166, general obligation debt of $3,631, revenue bonds of $6,620, watermain extension contracts of $677 and accrued liabilities of $2,373 offset by increases in net pension liability of $10,443, deposit subject refund of $726 and unamortized bond premiums of $781. Total deferred inflows of resources decreased $653 primarily due to decreases in deferred property taxes revenue of $735 offset by increases in deferred inflows of resources related to other postemployment benefits.

In 2018 total assets increased $75,963. The increase in unrestricted current assets of $42,947 is primarily related to increases in cash of $39,020 and net utilities receivables of $4,301. The net decrease in restricted assets of $7,167 is attributable to spending of debt proceeds to fund capital expansion offset by proceeds of debt issued in the current year to fund capital expansion. The $33,934 increase in capital assets is consistent with the improvement and expansion of both utility systems and is necessary to provide adequate services to our customers and to assure compliance with all applicable laws and regulations. Total deferred outflows of resources decreased $5,430 due to a decrease in deferred outflows of pension related resources of $4,906 and a decrease in deferred charge on refunding of previous revenue bonds of $557. Total liabilities decreased $11,938 due primarily to decreases in promissory notes of $7,374, general obligation debt of $4,373, revenue bonds of $2,400, unamortized bond premiums of $2,218, watermain extension contracts of $2,181 and net pension liability of $1,512 offset by increases in accrued liabilities of $7,926. Total deferred inflows of resources decreased $4,192 primarily due to decreases in deferred inflows of pension related resources of $3,861 and deferred property taxes revenue of $323.

SUMMARY OF CHANGES IN NET POSITION

	2019	2018	2017 (as restated)
Operating revenue	$ 234,766	$ 237,673	$ 226,692
Nonoperating revenue	2,470	2,701	4,089
Investment income	7,098	1,780	326
Total revenues	244,334	242,154	231,107
Depreciation expense	40,590	38,590	39,041
Other operating expense	116,617	104,550	106,067
Nonoperating expense	25,307	25,690	22,720
Total expenses	182,514	168,830	167,828
Income before contributions	61,820	73,324	63,279
Capital contributions	10,156	12,896	12,990
Capital contributions from City of Tulsa	571	443	303
Total capital contributions	10,727	13,339	13,293
Change in net position	72,547	86,663	76,572
Net position, beginning of year	1,146,274	1,059,611	983,039
Net position, end of year	$ 1,218,821	$ 1,146,274	$ 1,059,611

In 2019, total revenues increased $2,180, due primarily to increased investment income of $5,318 offset by decreases in operating revenue of $2,907 resulting from decreased water consumption. Increases in investment income were related to higher cash and investment balances. Other operating expenses increased $12,067, due primarily to increases in in personal services of $9,883 and other services and charges of $2,278 related to increases in water and sewer line repairs and internal equipment management services offset by decrease in materials and supplies of $94. Nonoperating expenses decreased $383, due to a decrease in interest expense of $501 offset by increases in payments in lieu of taxes ("PILOT") of $57 as well as bond issuance costs of $61. As a result of these changes, net position increased $72,547 during the year.

In 2018, total revenues increased $11,047, due primarily to increased operating revenue resulting from increased rates for both water and wastewater. Other operating expenses decreased $1,517, due primarily to decreased other services and charges of $1,217 due to decreases water and sewer line repairs as well as decreases in materials and supplies of $548 offset by increases in personal services of $248. Nonoperating expenses increased $2,970, due to an increase in interest expense of $2,195 and payments in lieu of taxes ("PILOT") of $1,017, based on higher water and sewer service revenue offset by decreases in bond issuance costs of $242. Investment income increased $1,454 related to higher cash and investment balances. As a result of these changes, net position increased $86,663 during the year.

Capital Assets

The Authority's investment in capital assets as of June 30, 2019 and 2018 was $1,332,976 and $1,287,972, respectively (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, equipment and a water storage lease. The Authority paid $77,333 and $55,306 during 2019 and 2018, respectively, related to the acquisition and purchase of capital assets.

	2019	2018	2017
Land	$ 36,747	$ 35,904	$ 34,772
Water storage lease	9,593	9,593	9,593
Buildings	51,205	50,293	49,148
Equipment	79,055	75,842	71,266
Land improvements, water and sewer lines	1,885,273	1,802,888	1,735,163
	2,061,873	1,974,520	1,899,942
Less accumulated depreciation	(784,962)	(745,859)	(709,707)
Construction-in-progress	56,167	59,311	63,803
Capital assets, net	$ 1,333,078	$ 1,287,972	$ 1,254,038

Debt

At June 30, 2019 and 2018, the Authority had outstanding general obligation bonded debt of $9,985 and $13,616, respectively. These bonds are required to be fully paid within 25 years from the date of issue and are backed by the full faith and credit of the City. The City's Charter requires that not less than 50% of the annual principal and interest requirements on general obligation bonds issued for waterworks and wastewater be funded by water and wastewater revenues, respectively.

	2019	2018	2017
General obligation bonds	$ 9,985	$ 13,616	$ 17,989
Revenue bonds	174,600	181,220	183,620
Promissory notes	173,055	186,221	193,595
Total debt	$ 357,640	$ 381,057	$ 395,204

During 2019, the Authority issued new debt to fund improvements to the water and wastewater systems. The Authority's debt decreased $23,417 or 6.1% during 2019. As an issuer of bonds, the Authority is subject to numerous covenants contained within the bond indentures. The Authority is in full compliance with all of these covenants.

Funds

The Authority has two funds, the Water Fund and the Sewer Fund. At June 30, 2019, the Water Fund net position of $630,378 reflected an increase of $34,951 from the net position of $595,427 at June 30, 2018. At June 30, 2019, the Sewer Fund net position of $588,443 reflected an increase of $37,596 from the net position of $550,847 at June 30, 2018.

Economic factors and next year's budgets and rates

At the national level, unemployment declined to 3.7 percent at June 30, 2019. Unemployment in the City of Tulsa was 3.2 percent at the end of fiscal year 2019 compared to 4.2 percent at the end of fiscal year 2018. The Authority continues to have consistent accounts receivable collections.

The Authority's appointed officials considered many factors when setting the fees that will be charged for water and sewer services in 2019. The Authority approved a 1 percent increase in water fees and a 9 percent increase in sewer fees beginning in October 2019. The fee increases are to fund operations, maintenance, debt service, and capital improvements.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Controller, 175 E. Second Street, Suite 1570, Tulsa, Oklahoma 74103.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF NET POSITION
June 30, 2019 and 2018

(In thousands of dollars)	2019			2018		
ASSETS	**Water Fund**	**Sewer Fund**	**Business-type Activities Total**	**Water Fund**	**Sewer Fund**	**Business-type Activities Total**
Current assets:						
Cash and cash equivalents	$ 134,988	$ 81,351	$ 216,339	$ 120,516	$ 70,165	$ 190,681
Cash and cash equivalents, restricted	18,490	8,691	27,181	17,781	8,236	26,017
Accounts receivable:						
Utility services receivable, net	14,664	14,905	29,569	19,259	14,760	34,019
Other receivables	391	1,156	1,547	437	224	661
Property tax receivable	-	1,279	1,279	-	2,014	2,014
Prepaid expenses	271	163	434	-	-	-
Inventories	1,935	151	2,086	1,859	119	1,978
Total current assets	170,739	107,696	278,435	159,852	95,518	255,370
Noncurrent assets:						
Cash and cash equivalents, restricted	29,595	27,730	57,325	24,633	32,241	56,874
Investments, restricted	-	-	-	8,353	7,769	16,122
Interest receivable	52	94	146	75	89	164
Advances to primary government	-	-	-	-	5	5
Equity interest in joint venture	-	27,704	27,704	-	25,867	25,867
Nondepreciable capital assets	59,544	42,861	102,405	56,196	48,612	104,808
Depreciable capital assets, net	546,318	684,253	1,230,571	531,114	652,050	1,183,164
Total noncurrent assets	635,509	782,642	1,418,151	620,371	766,633	1,387,004
Total assets	$ 806,248	$ 890,338	$ 1,696,586	$ 780,223	$ 862,151	$ 1,642,374
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	2,065	259	2,324	2,099	349	2,448
Pension related items	5,429	4,658	10,087	3,649	3,174	6,823
Other postemployment benefits related items	196	165	361	236	202	438
Total deferred outflows of resources	$ 7,690	$ 5,082	$ 12,772	$ 5,984	$ 3,725	$ 9,709

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TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF NET POSITION, Continued
June 30, 2019 and 2018

(In thousands of dollars)	2019			2018		
LIABILITIES	**Water Fund**	**Sewer Fund**	**Business-type Activities Total**	**Water Fund**	**Sewer Fund**	**Business-type Activities Total**
Current liabilities:						
Accounts payable and accrued liabilities	$ 11,060	$ 14,872	$ 25,932	$ 11,007	$ 17,298	$ 28,305
Current portion of watermain extension contracts	84	-	84	347	-	347
Current portion of compensated absences	1,392	1,221	2,613	1,434	1,212	2,646
Current portion of water storage lease	220	-	220	213	-	213
Deposits subject to refund	11,253	631	11,884	10,577	581	11,158
Current portion of general obligation debt	-	2,339	2,339	-	3,632	3,632
Current portion of promissory notes	-	13,530	13,530	-	13,327	13,327
Current portion of revenue bonds	10,815	4,685	15,500	10,700	4,165	14,865
Total current liabilities	34,824	37,278	72,102	34,278	40,215	74,493
Noncurrent liabilities:						
General obligation debt	-	7,646	7,646	-	9,984	9,984
Promissory notes	-	159,525	159,525	-	172,894	172,894
Revenue bonds	102,090	57,010	159,100	117,090	49,265	166,355
Unamortized bond premium	4,978	10,960	15,938	2,758	12,399	15,157
Watermain extension contracts	-	-	-	414	-	414
Compensated absences	736	645	1,381	618	523	1,141
Total OPEB liability	1,147	983	2,130	1,190	1,035	2,225
Net pension liability	35,012	30,280	65,292	29,312	25,537	54,849
Water storage lease	2,947	-	2,947	3,168	-	3,168
Total noncurrent liabilities	146,910	267,049	413,959	154,550	271,637	426,187
Total liabilities	$ 181,734	$ 304,327	$ 486,061	$ 188,828	$ 311,852	$ 500,680
DEFERRED INFLOWS OF RESOURCES						
Deferred gain on refunding	-	38	38	-	53	53
Pension related items	1,719	1,238	2,957	1,898	1,072	2,970
Other postemployment benefits related items	107	95	202	54	38	92
Property tax revenue	-	1,279	1,279	-	2,014	2,014
Total deferred inflows of resources	$ 1,826	$ 2,650	$ 4,476	$ 1,952	$ 3,177	$ 5,129
NET POSITION						
Net investment in capital assets	509,744	514,595	1,024,339	482,311	485,543	967,854
Restricted for debt service	6,170	8,689	14,859	6,033	8,058	14,091
Unrestricted	114,464	65,159	179,623	107,083	57,246	164,329
Total net position	$ 630,378	$ 588,443	$ 1,218,821	$ 595,427	$ 550,847	$ 1,146,274

The accompanying notes are an integral part of the financial statements

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended June 30, 2019 and 2018

(In thousands of dollars)	2019			2018		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Operating revenues:						
Water and sewer services	$ 119,529	$ 115,237	$ 234,766	$ 127,837	$ 109,836	$ 237,673
Operating expenses:						
Personnel services	33,017	28,981	61,998	27,837	24,278	52,115
Materials and supplies	7,011	4,279	11,290	7,122	4,262	11,384
Other services and charges	22,377	20,952	43,329	21,579	19,472	41,051
Depreciation	18,638	21,952	40,590	17,683	20,907	38,590
Total operating expenses	81,043	76,164	157,207	74,221	68,919	143,140
Operating income	38,486	39,073	77,559	53,616	40,917	94,533
Nonoperating revenues (expenses):						
Investment income	4,532	2,566	7,098	1,057	723	1,780
Interest and amortization expense	(3,610)	(7,325)	(10,935)	(3,994)	(7,442)	(11,436)
Bond issuance costs	(112)	(159)	(271)	-	(210)	(210)
Ad valorem taxes	-	1,979	1,979	-	2,410	2,410
Payments in lieu of taxes to City of Tulsa	(7,176)	(6,925)	(14,101)	(7,515)	(6,529)	(14,044)
Other, net	208	283	491	211	80	291
Net nonoperating expenses	(6,158)	(9,581)	(15,739)	(10,241)	(10,968)	(21,209)
Income before capital contributions	32,328	29,492	61,820	43,375	29,949	73,324
Capital contributions	2,623	7,533	10,156	4,580	8,316	12,896
Capital contributions from City of Tulsa	-	571	571	-	443	443
Total capital contributions	2,623	8,104	10,727	4,580	8,759	13,339
Change in net position	34,951	37,596	72,547	47,955	38,708	86,663
Net position, beginning of year	595,427	550,847	1,146,274	547,472	512,139	1,059,611
Net position, end of year	$ 630,378	$ 588,443	$ 1,218,821	$ 595,427	$ 550,847	$ 1,146,274

The accompanying notes are an integral part of the financial statements

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

(In thousands of dollars)	2019			2018		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Cash flows from operating activities:						
Received from customers, including cash deposits	$ 124,860	$ 114,209	$ 239,069	$ 125,944	$ 108,146	$ 234,090
Payments to suppliers for goods and services	(30,141)	(23,991)	(54,132)	(28,137)	(24,243)	(52,380)
Payments to personnel for services	(29,150)	(25,384)	(54,534)	(28,330)	(24,361)	(52,691)
Net cash provided by operating activities	65,569	64,834	130,403	69,477	59,542	129,019
Cash flows from non-capital and related financing activities:						
Payments in lieu of taxes to the primary government	(7,176)	(6,925)	(14,101)	(7,515)	(6,529)	(14,044)
Collection of advances to City of Tulsa	-	5	5	-	6	6
Net cash used by non-capital and related financing activities	(7,176)	(6,920)	(14,096)	(7,515)	(6,523)	(14,038)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(34,547)	(42,786)	(77,333)	(25,954)	(29,352)	(55,306)
Investment in joint venture	-	(3,715)	(3,715)	-	(4,592)	(4,592)
Payments from City of Tulsa	-	571	571	-	443	443
Proceeds from sale of capital assets	269	288	557	220	158	378
Principal paid on long-term debt	(9,918)	(21,124)	(31,042)	(10,762)	(21,144)	(31,906)
Interest paid on long-term debt	(3,959)	(9,074)	(13,033)	(4,116)	(9,400)	(13,516)
Payment of bond issuance costs	(112)	(159)	(271)	-	(210)	(210)
Refunding payments	(23,885)	-	(23,885)	-	-	-
Proceeds from long-term debt issuance	18,705	12,591	31,296	-	17,552	17,552
Premium received on debt issuance	2,815	315	3,130	-	128	128
Payment of call premium on debt refunding	(340)	-	(340)	-	-	-
Ad valorem taxes received for debt service	-	1,979	1,979	-	2,410	2,410
Payments on watermain extension contracts	(184)	-	(184)	(225)	-	(225)
Net cash used by capital and related financing activities	$ (51,156)	$ (61,114)	$ (112,270)	$ (40,837)	$ (44,007)	$ (84,844)

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STATEMENTS OF CASH FLOWS, Continued

Years Ended June 30, 2019 and 2018

(In thousands of dollars)	2019			2018		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Cash flows from investing activities:						
Interest received on investments	$ 4,507	$ 2,517	$ 7,024	$ 1,082	$ 713	$ 1,795
Sale or maturity of investments	8,399	7,813	16,212	-	1,400	1,400
Net cash provided by investing activities	12,906	10,330	23,236	1,082	2,113	3,195
Net increase in cash and cash equivalents	20,143	7,130	27,273	22,207	11,125	33,332
Cash and cash equivalents, beginning of year	162,930	110,642	273,572	140,723	99,517	240,240
Cash and cash equivalents, end of year	$ 183,073	$ 117,772	$ 300,845	$ 162,930	$ 110,642	$ 273,572
Reconciliation of cash and cash equivalents to the Statement of Net Position:						
Current unrestricted cash and cash equivalents	$ 134,988	$ 81,351	$ 216,339	$ 120,516	$ 70,165	$ 190,681
Current restricted cash and cash equivalents	18,490	8,691	27,181	17,781	8,236	26,017
Noncurrent restricted cash and cash equivalents	29,595	27,730	57,325	24,633	32,241	56,874
	$ 183,073	$ 117,772	$ 300,845	$ 162,930	$ 110,642	$ 273,572
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	$ 38,486	$ 39,073	$ 77,559	$ 53,616	$ 40,917	$ 94,533
Adjustments:						
Depreciation	18,638	21,952	40,590	17,683	20,907	38,590
Change in accounts receivable	4,641	(1,078)	3,563	(2,455)	(1,777)	(4,232)
Change in prepaids	(271)	(163)	(434)	-	-	-
Change in inventories	(76)	(32)	(108)	(216)	200	(16)
Change in joint venture	-	649	649	-	452	452
Change in deferred outflows pension	(1,780)	(1,484)	(3,264)	2,667	2,239	4,906
Change in deferred outflows OPEB	40	36	76	(13)	(20)	(33)
Change in accounts payable and other accrued liabilities	(316)	916	600	629	(1,206)	(577)
Change in total OPEB liability	(44)	(52)	(96)	101	115	216
Change in deposits subject to refund	677	50	727	506	40	546
Change in net pension liability	5,700	4,743	10,443	(1,214)	(298)	(1,512)
Change in deferred inflows pension	(179)	167	(12)	(1,841)	(2,021)	(3,862)
Change in deferred inflows OPEB	53	57	110	14	(6)	8
Net cash provided by operating activities	$ 65,569	$ 64,834	$ 130,403	$ 69,477	$ 59,542	$ 129,019
Noncash capital and related financing activities:						
Contributions from area developers	$ 2,130	$ 7,533	$ 9,663	$ 2,624	$ 8,316	$ 10,940
Additions included in accounts payable and retainage	$ 6,727	$ 9,005	$ 15,732	$ 6,154	$ 10,916	$ 17,070
Expiring watermain extension contracts	$ 493	$ -	$ 493	$ 1,956	$ -	$ 1,956

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS AND REPORTING ENTITY – The Tulsa Metropolitan Utility Authority (the "Authority") was created under the provisions of the Oklahoma Public Trust Act. The Trustees of the Authority consist of the Mayor of the City of Tulsa (the "City") and six other members appointed by the Mayor and confirmed by the City Council. The City is the sole beneficiary of the Trust. The Authority meets the requirements for, and is included in, the City's Comprehensive Annual Financial Report as a discretely presented component unit.

On February 1, 1984, the Authority leased from the City its existing and subsequently acquired water treatment and distribution systems (Water System) along with the rights to the gross revenues generated by the System. The terms of the agreement provide for the lease of the Water System for a term of 50 years or until all bonds and indebtedness collateralized by and payable from revenues is retired.

Under the terms of the lease, the City collects the Water System's operating revenues. The Water System is operated by City personnel and the City also pays the operating expenses and maintenance costs, and makes additions, replacements and improvements necessary to keep the Water System in proper working order on behalf of the Authority.

The Authority is to utilize gross revenues to reimburse the City for the cost of operating and maintaining the Water System. Also, the Authority will issue bonds to finance improvements to the Water System and set rates, fees and charges to users of the Water System.

On July 1, 1989, the Authority entered into a Wastewater System Lease Agreement and Operation and Maintenance Contract with the City. The terms of the agreement provide for the lease of the City's revenue producing sanitary sewer and wastewater treatment, collection, transportation, processing, and disposal systems and facilities, along with the transfer of related liabilities, for a term of 50 years or until such time as all bonds and indebtedness collateralized by and payable from revenues from the wastewater system are retired.

All operating costs, including personnel, are provided by the City and reimbursed by the Authority. For financial reporting purposes, personnel and other operating costs are reported as costs incurred directly by the Authority. Accordingly, the Authority reports these costs in its financial statements and makes appropriate disclosures in the notes to the financial statements. The Authority has no employees. All references to "employees" are references to City employees who perform operation and maintenance work under the terms of the lease agreement. Payments to and amounts owed to employees are part of the payments the Authority makes to the City pursuant to the terms of the lease agreements.

The Authority accounts for and reports using separate funds for water and sewer utility fees and other revenue dedicated to the Authority.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

BASIS OF ACCOUNTING AND PRESENTATION – The financial statements of the Authority are prepared in accordance with generally accepted accounting principles ("GAAP") as applied to business-type activities of governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting.

The financial statements of the Authority are prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows/outflows from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Voluntary nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions. Investment income and voluntary nonexchange transactions are included in nonoperating revenues and expenses.

GAAP requires the Authority to present in its financial statements, inclusive of the notes to the financial statements, the economic substance of its operations and the assets under lease.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents reported on the statement of net position include both the amounts held within the City's pooled portfolio and other cash and cash equivalents. Cash and cash equivalents also consist of money market accounts which are reported at amortized cost.

The Authority's cash and cash equivalents included in the City's pooled portfolio are recorded at the net asset value of their position in the City's pooled portfolio. The Authority is allocated interest monthly based on their average daily position in the City's pooled portfolio. Changes in fair value of the City's pooled portfolio are allocated annually based on the Authority's position as of June 30.

For purposes of reporting cash flows, the Authority considers all highly liquid debt instruments with an original maturity of three months or less when purchased, and amounts held in the City's portfolio pool, to be cash equivalents.

The amounts held in the City's pooled portfolio are considered liquid as they are available to be withdrawn on demand, with no redemption restrictions.

INVESTMENTS – the Authority may invest in fixed income obligations of the U.S. Government, its agencies, or instrumentalities. The investments of the Authority are reported at fair value.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

FAIR VALUE MEASUREMENTS – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The Authority categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

> Level 1 input – Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.
>
> Level 2 input – Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the asset or liability.
>
> Level 3 input – Inputs that are unobservable for the asset or liability which are typically based upon the Authority's own assumptions as there is little, if any, related market activity.

Hierarchy – The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Inputs – If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

PREPAID EXPENSES – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

INVENTORIES – Inventories are stated at cost (first-in, first-out), which is not in excess of market.

RESTRICTED ASSETS – Certain assets of the Authority are restricted under the terms of its bond indentures or state statutes.

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

UTILITY SERVICES RECEIVABLE – This balance consists of amounts due from customers within and around the Tulsa metropolitan area for utility service. Unbilled revenue is accrued and included in utility services receivable for services that were provided, but not billed at year end. Utility services receivable included $6,958 and $7,070 of accrued unbilled revenue for the Water fund and Sewer fund, respectively, as of June 30, 2019, and $8,977 and $7,330 for the Water fund and Sewer fund, respectively, as of June 30, 2018. The Authority recorded an allowance for uncollectible accounts of $112 and $157 for Water fund and Sewer fund, respectively, as of June 30, 2019 and $136 and $185 for Water fund and Sewer fund, respectively, as of June 30, 2018.

CAPITAL ASSETS – Capital assets purchased or acquired are carried at historical cost. Contributed assets are recorded at acquisition value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Interest cost incurred during the construction phase of capital assets of the enterprise activities is recognized as an expense in the period in which the cost is incurred.

DEPRECIATION – Capital assets placed in service are depreciated on the straight-line basis over the following estimated useful lives:

Land improvements	30 years
Buildings	50 years
Water and sewer lines	33 - 100 years
Equipment	3 - 20 years

Capital assets sold or disposed have their cost and accumulated depreciation removed from the Authority's records. The related gain or loss is recorded in the period of sale or disposal.

CAPITAL CONTRIBUTIONS – Capital contributions include payments made by developers for the construction of water and sewer lines, grants, and amounts contributed by City sales tax funds. Amounts contributed to the Authority from City sales tax funds are reported as capital contributions and are included as increases to construction in progress (nondepreciable capital assets) until those assets are complete and placed in service.

COMPENSATED ABSENCES – Vacation and sick leave is granted to all employees. Vacation time earned varies from 14 to 26 days depending upon years of service. The maximum amount of vacation time that may be accumulated is twice the amount which may be earned in one calendar year. Accumulated vacation leave vests and the Authority is obligated to make payment upon termination or retirement. Accumulated sick leave is not paid out to employees upon separation, if separation occurs before retirement eligibility. Upon retirement an employee is eligible to receive a lump sum payout of one hour for every three hours earned and unused if the employee has at least 960 hours. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive separation payments and other employees who are expected to become eligible in the future to receive such payments upon separation are included. The amount of unpaid vacation and sick leave is charged to expense during the period earned if probable of payout, and a corresponding liability is established.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

POST-EMPLOYMENT BENEFITS (PENSION AND OTHER) – Post-employment benefits are part of an exchange of salaries and benefits for employee services rendered. Of the total benefits offered by employers to attract and retain qualified employees, some benefits, including salaries and active-employee healthcare, are used while the employees are in active service, whereas other benefits, including retirement and post-employment healthcare, are used after the employees' services have ended. Nevertheless, both types of benefits constitute compensation for employee services. A liability for OPEB is recognized when earned by employees. Additional information regarding these liabilities is included in Notes 7 and 8.

UNAMORTIZED DISCOUNTS AND PREMIUMS – Original issue discounts and premiums on the Authority's revenue bonds are amortized over the lives of the bonds using the effective interest method.

NET POSITION – Net position of the Authority represents the difference between assets and liabilities and deferred inflows/outflows. Net investment in capital assets, consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Net investment in capital assets as of June 30, 2019 excludes unspent bond proceeds of $29,596 and $25,080 for Water and Sewer, respectively, and as of June 30, 2018 excludes unspent bond proceeds of $32,985 and $37,348 for Water and Sewer, respectively. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or, laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Authority first applies restricted resources. Unrestricted net position is the difference between assets, liabilities and deferred inflows/outflows of resources that do not meet the definition of net investment in capital assets or restricted.

PROPERTY TAX REVENUE – Oklahoma statutes require that the City make a property tax levy for a sinking fund (Debt Service Fund) which shall, with cash and investments in the fund, be sufficient to pay all general obligation bonded indebtedness, interest and one-third of all outstanding judgments coming due in the following fiscal year.

The sinking fund requirements are submitted by the City to the County Excise Board to determine the property tax levy. This submission is made by August 27th of each year. The County Assessor is required to file a tax roll report on or before October 1st each year with the County Treasurer indicating the net assessed valuation for all real and public service property.

The Oklahoma Tax Commission determines property assessed valuations. The assessment ratio in Tulsa County currently averages 11% of market value.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

PROPERTY TAX REVENUE, continued – Property tax is levied each October 1st on the assessed valuation of non-exempt real property located in the City as of the preceding January 1st, the lien date. Property taxes are due on November 1st following the levy date, although they may be paid in two equal installments (if the first installment is paid prior to January 1st, the second installment is not delinquent until April 1st). Property taxes are collected by the County Treasurers of Tulsa, Wagoner and Osage Counties, Oklahoma, and are remitted to the City. Property tax receivables are recorded on the lien date, although the related Authority revenue is reported as a deferred inflow of resources and will not be recognized until the year for which it is levied.

USE OF ESTIMATES – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying footnotes. Actual results could differ from those estimates.

INCOME TAXES – With regards to federal income taxes, the Authority is nontaxable as a political subdivision under Section 115(1) of the Internal Revenue Code.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES – The Authority records deferred outflows or inflows of resources for the consumption or acquisition of net position that is applicable to a future reporting period and will not be reported as an outflow (expense) or inflow (revenue) until then. The financial statements reflect deferred outflows and inflows of resources recorded for unamortized losses and gains on refunding of debt, deferred outflows and inflows of resources related to pensions, deferred outflows and inflows of resources related to other post-employment benefits and deferred inflows of resources related to property tax revenue.

DEFERRED CHARGES/GAINS ON REFUNDING – Deferred charges/gains on refunding represents the difference in the reacquisition price and the net carrying amount of the old debt. These charges are presented as a deferred outflow/inflow of resources, amortized using the effective interest method, and recognized as a component of interest expense over the life of the old or new debt, whichever is shorter.

PENSION PLAN – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement Plan (MERP) and additions to/deductions from MERP's fiduciary net position have been determined on the same basis as they are reported by MERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

2. CASH DEPOSITS AND INVESTMENTS

CASH AND CASH EQUIVALENTS – Cash deposits of the Authority, not held in trust accounts, are held within the City's pooled portfolio. The City's pooled portfolio consists primarily of time deposits and other securities guaranteed by the United States Government or its agencies. At June 30, 2019 and 2018 the Authority held $199,819 and $188,641, respectively, in the City's pooled portfolio, which represented 22.9% and 22.2%, respectively of the City's pooled portfolio.

The City's pooled portfolio is collateralized by securities held by the City or its agent in the City's name as of June 30, 2019 and 2018.

Please refer to the City's Comprehensive Annual Financial Report for additional disclosures related to the City's pooled portfolio, including required disclosures of risks and fair value measurements. A copy of the City's Comprehensive Annual Financial Report may be obtained at www.cityoftulsa.org.

In addition to assets held in the City's pooled portfolio, the Authority has assets it holds directly. The Authority has money market accounts reported as cash equivalents on the statement of net position of $101,026 and $84,931 as of June 30, 2019 and 2018, respectively.

INVESTMENTS – As of June 30, 2019, the Authority did not have any investments. For the year ended June 30, 2018, the Authority had the following investments:

		June 30, 2018		Fair Value
		Maturities in years		Measurement
	Fair Value	Less than 1	1-5	
U.S. Treasury Securities	$ 16,122	$ 16,122	$ -	Level 1

Interest Rate Risk – Interest rate risk is the risk that a change in interest rates will adversely affect the value of an investment. For restricted funds, bond requirements limit the type and maturity length of investments that can be acquired.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority utilizes the City of Tulsa investment policy and bond indenture restrictions on authorized investments to limit its exposure to credit risks. The Authority's investments in U.S. Treasury Securities are not subject to credit risk.

2. CASH DEPOSITS AND INVESTMENTS, continued

Custodial Credit Risk – For deposits with financial institutions, custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

The Authority's deposit policy for custodial credit risk requires compliance with provisions of state law and that demand deposits be collateralized by at least 110% of the amount that is not federally insured. The Authority's investments in U.S. Treasury Securities at June 30, 2019 and 2018 are registered securities held by the Authority or by its agent in the Authority's name. At June 30, 2019 and 2018 none of the Authority's deposits, including money market accounts of $101,026 and $84,931, respectively, nor investments of $0 and $16,122, respectively, were exposed to custodial credit risk.

Concentration of Credit Risk – The Authority utilizes the City of Tulsa investment policy to determine the amount that may be invested in any one issuer. At June 30, 2018, the Authority's investments in U.S Treasury Securities are not subject to concentration of credit risk disclosure.

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

3. RESTRICTIONS ON ASSET USE

Unspent debt proceeds, as well as resources set aside for their repayment, are classified as restricted assets on the statements of net position because their use is limited by applicable bond covenants and they are maintained in separate bank accounts. The City levies ad valorem taxes for the retirement of 50% of general obligation bonds issued for the wastewater disposal system. A reserve for bond retirement is established at the City. Customer deposits held in the City's pooled portfolio are also classified as restricted assets as they are limited for customer refunds.

A summary of the purpose for which these assets are restricted as of June 30, is as follows:

	2019	2018
General Obligation Bonds:		
Sinking funds	$ 2,649	$ 2,719
Deposits subject to refund:		
Escrow deposits	11,884	11,158
Sewer Debt:		
Debt service fund	8,060	7,655
Construction fund	9,996	23,127
Reserve fund	15,084	14,165
Debt service, reserves, construction funds	33,140	44,947
Water Debt:		
Debt service fund	7,237	7,204
Construction fund	15,570	17,888
Reserve fund	14,026	15,097
Debt service, reserves, construction funds	36,833	40,189
Total restricted assets	$ 84,506	$ 99,013

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

4. CAPITAL ASSETS

The changes in capital assets are summarized as follows:

June 30, 2019	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Nondepreciable assets:				
Land	$ 35,904	$ 102	$ 741	$ 36,747
Water rights	9,593	-	-	9,593
Construction-in-progress	59,311	67,185	(70,329)	56,167
Total nondepreciable capital assets	104,808	67,287	(69,588)	102,507
Depreciable assets:				
Land improvements, water and sewer lines	1,802,888	13,624	68,761	1,885,273
Buildings	50,293	113	799	51,205
Equipment	75,842	4,736	(1,523)	79,055
Total depreciable capital assets	1,929,023	18,473	68,037	2,015,533
Accumulated depreciation:				
Land improvements, water and sewer lines	(663,784)	(34,283)	-	(698,067)
Buildings	(34,521)	(877)	3	(35,395)
Equipment	(47,554)	(5,430)	1,484	(51,500)
	(745,859)	(40,590)	1,487	(784,962)
Depreciable capital assets, net	1,183,164	(22,117)	69,524	1,230,571
Capital assets, net	$ 1,287,972	$ 45,170	$ (64)	$ 1,333,078

June 30, 2018	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Nondepreciable assets:				
Land	$ 34,772	$ 102	$ 1,030	$ 35,904
Water rights	9,593	-	-	9,593
Construction-in-progress	63,803	49,991	(54,483)	59,311
Total nondepreciable capital assets	108,168	50,093	(53,453)	104,808
Depreciable assets:				
Land improvements, water and sewer lines	1,735,163	15,326	52,399	1,802,888
Buildings	49,148	-	1,145	50,293
Equipment	71,266	7,024	(2,448)	75,842
Total depreciable capital assets	1,855,577	22,350	51,096	1,929,023
Accumulated depreciation:				
Land improvements, water and sewer lines	(631,256)	(32,528)	-	(663,784)
Buildings	(33,677)	(844)	-	(34,521)
Equipment	(44,774)	(5,218)	2,438	(47,554)
	(709,707)	(38,590)	2,438	(745,859)
Depreciable capital assets, net	1,145,870	(16,240)	53,534	1,183,164
Capital assets, net	$ 1,254,038	$ 33,853	$ 81	$ 1,287,972

5. JOINT VENTURE

The Authority is a participant in a joint venture, the Regional Metropolitan Utility Authority ("RMUA"). RMUA was created to operate a sewage treatment facility. The Authority contributes approximately one-half of RMUA's operating and capital budget, operates a facility for RMUA, and leases the facility site to RMUA. The City appoints two of the ten trustees with the remaining trustees appointed two each by the four other participating cities. Services are provided approximately 50% each to the City and the City of Broken Arrow, Oklahoma. In accordance with the Trust Agreement, the Authority is entitled, on both an interim and final basis, to its pro-rata interest based on its contributions to RMUA.

The Authority's equity interest was $27,704 and $25,867 as of June 30, 2019 and 2018, respectively. The Authority's other services and charges have been increased to reflect the change in equity interest by $650 and $452 for the years ended June 30, 2019 and 2018, respectively. The Authority contributed $2,486 and $6,645 to RMUA for capital improvements during the years ended June 30, 2019 and 2018, respectively.

Request for an audited financial report or additional information concerning RMUA should be addressed to the Office of the Controller, 175 E. Second Street, Suite 1570, Tulsa, Oklahoma 74103, or online at www.cityoftulsa.org.

6. WATERMAIN EXTENSION CONTRACTS

The Authority contracts with developers for the construction of watermains to provide water service for areas under development. Such watermains are an extension of the City's existing water distribution system. Under such contracts, the contractor pays for all construction costs. When the work is complete, the area has been prepared for development and the developer certifies their net allowable costs (this is the maximum amount recoverable by the developer), the Authority enters into a contract with the developer. The Authority records a capital asset equal to 100% of the developer costs per the contract and a liability for the net allowable costs. The difference between the total and net allowable costs is recorded as a capital contribution. The non-interest bearing repayments to contractors are payable over a ten year period and are generally limited to 40% of the collected revenues generated by the respective watermain extension, not to exceed the maximum amount recoverable by the developer. The Authority has no liability after the ten year period if the contractor's portion of the respective revenues generated is insufficient to cover the contractor's costs.

Amounts due under the contracts were $84 and $761 at June 30, 2019 and 2018, respectively. The Authority estimates the current portion of the contractual liability based upon amounts payable in the following year. The Authority made payments of $184 and $225 in accordance with these contracts for the years ended June 30, 2019 and 2018, respectively.

7. MUNICIPAL EMPLOYEES' PENSION PLAN

Plan description – Employees are provided with pensions through MERP – a cost-sharing multiple-employer defined benefit pension plan administered by the City. The Authority is not defined as an employer in the MERP plan document, but as described in Note 1, payroll and associated costs of City employees performing functions on behalf of the Authority, are reported in the financial statements of the Authority. MERP benefits are established by City ordinance to plan members and beneficiaries. MERP's financial statements and required supplementary information are included in the City's Comprehensive Annual Financial Report (CAFR). The report may be obtained by writing to the City of Tulsa Controller, 175 E. 2nd Street, Tulsa, Oklahoma 74103, or online at www.cityoftulsa.org.

Benefits provided – MERP provides retirement, disability, and death benefits. Retirement benefits are determined based on the employee's highest 30 months of pensionable wages during the last five years of service and a multiplier based on the years of service. Employees entering the plan prior to July 1, 2018 are eligible for full retirement at age 65, and at least 5 years of service, or when the years of service plus the employee's age equals or exceeds 80. Reduced benefits are available after age 55 and 5 years of service (Early retirement). Benefits for Early retirement are reduced 2.5% per year prior to age 65. Employees entering the plan on or after July 1, 2018 are eligible for full retirement at age 65, and at least 5 years of service, or when the years of service plus the employee's age equals or exceeds 90. Reduced benefits are available after age 60 and 5 years of service (Early Retirement). Benefits for Early retirement are reduced 6.0 percent per year prior to age 65. Five years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as normal retirement. Death benefits for vested participants are, at the spouse's election, a refund of contribution plus interest or a life annuity of 50 percent of the member's accrued benefit determined based on final average earnings and service as of the date of death.

Contributions – The Contributions are set by City ordinance. Employees contributed 6.5 percent of their pensionable wages for the years ended June 30, 2019 and 2018. The Authority was charged 15.5 percent of pensionable wages for the years ended June 30, 2019 and 2018 for employees whose payroll costs were charged to the Authority. Actual charges to the Authority for pension plan contributions were $5,352 and $5,172 for the years ended June 30, 2019 and 2018, respectively.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019 and 2018, the Authority reported $65,292 and $54,849, respectively, for its proportionate charged share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. Standard update procedures were used to roll forward the total pension liability to June 30, 2019. The Authority's charged proportion of the net pension liability was based on the Authority's share of charged contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2019 and 2018, the Authority's proportion was 27.8032 percent and 27.9385 percent, respectively.

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

7. MUNICIPAL EMPLOYEES' PENSION PLAN, continued

For the year ended June 30, 2019, the Authority recognized pension expense of $12,519. For the year ended June 30, 2018, the Authority recognized pension expense of $4,704. At June 30, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources					
	2019			2018		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Net difference between projected and actual plan earnings on pension plan investments	$ 1,043	$ 902	$ 1,945	$ -	$ -	$ -
Changes of assumptions	4,059	3,511	7,570	2,969	2,588	5,557
Differences between expected and actual plan experience	165	143	308	321	279	600
Changes in proportion and differences between the Authority's charges and proportionate share of charges	162	102	264	359	307	666
Total	$ 5,429	$ 4,658	$ 10,087	$ 3,649	$ 3,174	$ 6,823

	Deferred Inflows of Resources					
	2019			2018		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Net difference between projected and actual plan earnings on pension plan investments	$ -	$ -	$ -	$ 251	$ 218	$ 469
Changes of assumptions	-	-	-	126	110	236
Differences between expected and actual plan experience	1,169	1,011	2,180	724	632	1,356
Changes in proportion and differences between the Authority's charges and proportionate share of charges	550	227	777	797	112	909
Total	$ 1,719	$ 1,238	$ 2,957	$ 1,898	$ 1,072	$ 2,970

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (credit) as follows:

	Water Fund	Sewer Fund	Business-type Activities Total
Year ended June 30:			
2020	$ 1,900	$ 1,753	$ 3,653
2021	230	316	546
2022	1,022	872	1,894
2023	558	479	1,037
	$ 3,710	$ 3,420	$ 7,130

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

7. MUNICIPAL EMPLOYEES' PENSION PLAN, continued

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.5%
Salary increases, including inflation	3.50% to 11.25%
Investment rate of return Compounded annually, net of investment expense and including inflation	7.0%

The assumptions changed from 2018 as follows: Inflation decreased from 3.0 to 2.5 percent, salary increases changed from 4.00-11.75 percent to 3.50-11.25 percent, and investment rate of return decreased from 7.50 to 7.00 percent.

Mortality rates were based on RP-2014 Combined Healthy Tables with Blue Collar adjustments. Generational mortality improvements with Scale MP-2015 are from the table's base year of 2014.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2015.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	24%	1.16%
Domestic equity	36%	6.19%
International equity	24%	6.59%
Real estate	8%	4.24%
Commodities	3%	0.95%
Timber	4%	4.15%
Cash	1%	0.11%
	100%	

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

7. MUNICIPAL EMPLOYEES' PENSION PLAN, continued

Discount rate - The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the participating employers will be made as specified in the MERP funding policy. Beginning July 1, 2017, and all future years, it is assumed that the employer contribution rate will be 15.50 percent of payroll, which is the actuarially determined contribution rate. Based on those assumptions, the MERP's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate. The discount rate in 2018 was 7.50 percent.

2019	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Authority's proportionate share of the net pension liability	$ 88,880	$ 65,292	$ 45,613

2018	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Authority's proportionate share of the net pension liability	$ 76,656	$ 54,849	$ 36,577

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the City of Tulsa's CAFR; which can be located at www.cityoftulsa.org.

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

Plan Description – Retired employees and their dependents are provided with postemployment health care benefits through the City of Tulsa Postretirement Medical Plan (the "Plan"), a multiple-employer defined benefit health care plan. The Authority is not an employer, but as described in Note 1, payroll and associated costs of City employees performing functions on behalf of the Authority, are reported in the financial statements of the Authority. The benefits, coverage levels, employee contributions, and employer contributions are governed by the City through its personnel and union contracts and are funded on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The Plan does not issue a stand-alone financial report.

Benefits Provided – All health care benefits are provided through the City's fully insured health plan. The benefit levels are the same as those offered to active employees. Benefits include general inpatient and outpatient medical services and prescriptions. General employees are eligible for membership in the Plan if they retire from the City on or after age 55 with 5 years of service or with age and service totaling 80 points. Coverage ceases upon eligibility of the member (retiree or dependent) for Medicare. Coverage for dependents can continue upon the death of the retiree. Spouses of employees eligible for benefits and who die in active service can receive coverage.

Contributions – Contribution rates are established by the City. Retiree plan participants pay the entire amount of the premium charged by the insurer for coverage thus the City does not directly contribute to the Plan. Retiree and active employee participants are included in the same cost pool used to determine rates set by the insurer. An implicit subsidy results from this method of rate setting.

OPEB Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2019, the Authority reported a liability of $2,130 for its proportionate charged share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018. Standard update procedures were used to roll forward the total OPEB liability to June 30, 2019. The total OPEB liability for June 30, 2018 was $2,225. The Authority's charged proportion of the total OPEB liability was based on the Authority's share of active employee participants relative to the active employees of all participating employers. At June 30, 2019 and 2018, the Authority's proportion was 34.7256 percent, and 35.2459 percent, respectively.

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

For the year ended June 30, 2019, the Authority recognized OPEB expense of $251. For the year ended June 30, 2018, the Authority recognized OPEB expense of $263. At June 30, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources					
	2019			2018		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Changes of assumptions	$ 50	$ 42	$ 92	$ 38	$ 34	$ 72
Differences between expected and actual plan experience	141	121	262	191	166	357
Changes in proportion and differences between the Authority's charges and proportionate share of charges	5	2	7	7	2	9
Total	$ 196	$ 165	$ 361	$ 236	$ 202	$ 438

	Deferred Inflows of Resources					
	2019			2018		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Changes of assumptions	$ 26	$ 22	$ 48	$ 35	$ 30	$ 65
Differences between expected and actual plan experience	59	51	110	-	-	-
Changes in proportion and differences between the Authority's charges and proportionate share of charges	22	22	44	19	8	27
Total	$ 107	$ 95	$ 202	$ 54	$ 38	$ 92

Amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Authority's OPEB expense over the average remaining service lives of Plan participants (actives and retirees) as follows:

	Water Fund	Sewer Fund	Business-type Activities Total
Year ended June 30:			
2020	$ 41	$ 33	$ 74
2021	41	34	75
2022	14	10	24
2023	1	2	3
2024	(8)	(9)	(17)
	$ 89	$ 70	$ 159

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement. The assumptions remain consistent with 2018.

Inflation	3.0 %
Salary increases	4.0% to 11.75%, including 3.0% inflation and 1.0% productivity
Healthcare cost trend rate	8.5% for 2019, decreasing by 0.5 % annually to an ultimate rate of 5.0%

Thirty-five percent of future retirees with coverage are assumed to elect healthcare coverage.

Mortality rates were based on RPH-2017 Total Dataset Mortality fully generational using Scale 2017.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2015, with the exception of the healthcare election rate which was based on a experience study from June 30, 2010 through 2016.

Discount Rate – The OPEB Plan is financed on a pay-as-you-go basis, thus a long-term rate of return was not used. The discount rate used to measure the total OPEB liability was 3.51 and 3.87 percent as of June 30, 2019 and 2018, respectively, based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The source of the discount rate used is the Bond Buyer 20-Bond GO Index.

Sensitivity of the Authority's proportionate share of the total OPEB liability to changes in the discount rate – The following presents the Authority's proportionate share of the total OPEB liability calculated using the discount rate of 3.51 percent, as well as what the Authority's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.51 percent) or 1-percentage-point higher (4.51 percent) than the current rate. The discount rate in 2018 was 3.87 percent.

2019	**1% Decrease (2.51%)**	**Current Discount Rate (3.51%)**	**1% Increase (4.51%)**
Authority's proportionate share of the total OPEB liability	$ 2,287	$ 2,130	$ 1,986

2018	**1% Decrease (2.87%)**	**Current Discount Rate (3.87%)**	**1% Increase (4.87%)**
Authority's proportionate share of the total OPEB liability	$ 2,391	$ 2,225	$ 2,074

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Sensitivity of the Authority's proportionate share of the total OPEB liability to changes in the healthcare cost trend rate – The following presents the Authority's proportionate share of the total OPEB liability calculated using the healthcare cost trend rate of 8.5 percent decreasing to 5.0 percent, as well as what the Authority's proportionate share of the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (7.5 percent) or 1-percentage-point higher (9.5 percent) than the current rate:

2019	**1% Decrease (7.5% decreasing to 4.0%)**	**Current Rate (8.5% decreasing to 5.0%)**	**1% Increase (9.5% decreasing to 6.0%)**
Authority's proportionate share of the total OPEB liability	$ 1,929	$ 2,130	$ 2,363

2018	**1% Decrease (8.0% decreasing to 4.0%)**	**Current Rate (9.0% decreasing to 5.0%)**	**1% Increase (10.0% decreasing to 6.0%)**
Authority's proportionate share of the total OPEB liability	$ 2,038	$ 2,225	$ 2,442

9. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The City purchases commercial insurance for general liability and property damage as well as employee health and dental. The Authority is covered in the City's insurance policies and premium costs are passed on to the Authority through indirect cost allocation. The Authority is responsible for deductibles relating to specific claims pertaining to the Authority. There have been no significant reductions in insurance coverage during the year and there were no settlement amounts in excess of the insurance coverage in the current year or in the three prior years. The Authority also participates in the City's workers' compensation self-insurance program. The City retains all risk of loss for workers' compensation claims.

10. NONCURRENT LIABILITIES

REVENUE BONDS – Revenue bonds outstanding consist of debt issued by the Authority. The debt does not constitute debt of the City and is payable solely from resources of the Authority. Revenue bonds are collateralized primarily by the trust estates and revenues derived from the operations of the Authority.

Various bond indentures, loan agreements, and pledge and security agreements contain limitations and restrictions of debt service reserves and flow of monies through various restricted accounts (see additional information in Note 3). The Authority has pledged future water revenues, net of operating expenses and sewer revenues, net of operating expenses and net of amounts pledged for promissory note debt service to repay $112,905 and $61,695 of outstanding Utility Revenue Bonds, respectively. The Utility Revenue Bonds are payable through 2039. Annual principal and interest payments on the bonds required 19 percent of net revenues, as defined above. The total principal and interest remaining to be paid on the bonds is $213,185. Principal and interest paid for the current year and water and sewer net revenues as described above for the current year were $19,962 and $103,393, respectively. The Authority utility revenue bonds are subject to acceleration if the Authority defaults.

On April 5, 2019, the Authority issued the Utility Revenue Bonds, Series 2019B, for $12,430. The proceeds will be used to fund the construction, acquisition and equipping of certain capital improvements to the Wastewater System.

On June 22, 2018, the Authority issued the Utility Revenue Bonds, Series 2018A, for $11,850. The proceeds will be used to fund the construction, acquisition and equipping of certain capital improvements to the Wastewater System.

ECONOMIC GAIN/LOSS ON REFUNDING – On April 5, 2019, the City issued $18,705 in Series 2019A Refunding Utility Revenue Bonds to refund the 2011 and 2012 Utility Revenue Bonds. This transaction will reduce debt service payments by $6,344 over the next 8 years and result in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $4,924. The refunding resulted in a deferred charge of $501 which will be amortized over the life of the new bonds. The amortization and related deferred charge are reported in the financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

10. NONCURRENT LIABILITIES, continued

Utility Revenue Bond payable activity for the year ended June 30, 2019 is as follows:

June 30, 2019

Series	Issue Amount	Maturity Date	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water:								
Series 2011	$ 24,100	2031	3.00-4.375%	$ 17,975	$ -	$ (17,975)	$ -	$ -
Refunding Series 2012	12,685	2025	2.00-2.65%	6,865	-	(6,865)	-	-
Refunding Series 2013	61,280	2025	2.50-3.00%	39,340	-	(4,580)	34,760	4,600
Series 2014	17,825	2034	2.00-3.50%	15,830	-	(680)	15,150	690
Refunding Series 2015	9,940	2027	2.00-3.00%	7,100	-	(705)	6,395	745
Series 2016A	16,565	2031	3.00-3.25%	14,755	-	(920)	13,835	935
Refunding Series 2017A	27,765	2030	3.00-3.125%	25,925	-	(1,865)	24,060	1,880
Refunding Series 2019A	18,705	2027	5.00%	-	18,705	-	18,705	1,965
				127,790	18,705	(33,590)	112,905	10,815
Sewer:								
Series 2016B	10,885	2036	2.00-3.50%	10,040	-	(430)	9,610	435
Refunding Series 2016C	34,810	2025	5.00%	31,540	-	(3,310)	28,230	3,355
Series 2018A	11,850	2038	3.125-3.50%	11,850	-	(425)	11,425	430
Series 2019B	12,430	2039	3.00%	-	12,430	-	12,430	465
				53,430	12,430	(4,165)	61,695	4,685
Total utility revenue bonds				$181,220	$ 31,135	$ (37,755)	$174,600	$ 15,500

The changes in other long-term liabilities for the year ended June 30, 2019 are summarized as follows:

June 30, 2019

Other long-term liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water storage lease	$ 3,381	$ -	$ (214)	$ 3,167	$ 220
Watermain extension contracts	761	-	(677)	84	84
Total OPEB liability	2,225	-	(95)	2,130	-
Compensated absences	3,787	3,565	(3,358)	3,994	2,613
Net pension liability	54,849	10,443	-	65,292	-
Total other long-term liabilities	$ 65,003	$ 14,008	$ (4,344)	$ 74,667	$ 2,917

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

10. NONCURRENT LIABILITIES, continued

Utility Revenue Bond payable activity for the year ended June 30, 2018 is as follows:

June 30, 2018

Series	Issue Amount	Maturity Date	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water:								
Series 2011	$ 24,100	2031	3.00-4.375%	$ 18,900	$ -	$ (925)	$ 17,975	$ 955
Refunding Series 2012	12,685	2025	2.00-2.65%	7,850	-	(985)	6,865	995
Refunding Series 2013	61,280	2025	2.50-3.00%	43,900	-	(4,560)	39,340	4,580
Series 2014	17,825	2034	2.00-3.50%	16,500	-	(670)	15,830	680
Refunding Series 2015	9,940	2027	2.00-3.00%	7,765	-	(665)	7,100	705
Series 2016A	16,565	2031	3.00-3.25%	15,665	-	(910)	14,755	920
Refunding Series 2017A	27,765	2030	3.00-3.125%	27,765	-	(1,840)	25,925	1,865
				138,345	-	(10,555)	127,790	10,700
Sewer:								
Series 2016B	10,885	2036	2.00-3.50%	10,465	-	(425)	10,040	430
Refunding Series 2016C	34,810	2025	5.00%	34,810	-	(3,270)	31,540	3,310
Series 2018A	11,850	2038	3.125-3.50%	-	11,850	-	11,850	425
				45,275	11,850	(3,695)	53,430	4,165
Total utility revenue bonds				$183,620	$ 11,850	$ (14,250)	$181,220	$ 14,865

The changes in other long-term liabilities for the year ended June 30, 2018 are summarized as follows:

June 30, 2018

Other long-term liabilities	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Due Within One Year
Water storage lease	$ 3,588	$ -	$ (207)	$ 3,381	$ 213
Watermain extension contracts	2,942	-	(2,181)	761	347
Total OPEB liability	2,010	215	-	2,225	-
Compensated absences	4,084	3,528	(3,825)	3,787	2,646
Net pension liability	56,361	-	(1,512)	54,849	-
Total other long-term liabilities	$ 68,985	$ 3,743	$ (7,725)	$ 65,003	$ 3,206

10. NONCURRENT LIABILITIES, continued

PROMISSORY NOTES – The Authority borrows from the Oklahoma Water Resources Board through two types of program loans: the State Financial Assistance Program (FAP) Loans and the Clean Water State Revolving Fund (SRF) Loan Program. FAP loan proceeds are received at closing and SRF loan proceeds are received on a reimbursement basis.

The Authority's outstanding promissory notes with the Oklahoma Water Resources Board are collateralized by a first lien and security interest in the Authority's wastewater treatment system and the revenues derived from the entire system and generally require semi-annual principal and interest payments. The Authority promissory notes are subject to acceleration if the Authority defaults.

The Authority has pledged future sewer revenue, net of operating expenses to repay $173,055 of promissory notes. The promissory notes are payable through 2041. Annual principal and interest payments on the promissory notes required 32 percent of net revenues. The total principal and interest remaining to be paid on the promissory notes is $219,424. Principal and interest paid for the current year and sewer net revenues for the current year were $19,804 and $61,541, respectively.

The promissory notes contain certain covenants. The covenants require that net revenues of the wastewater system, as defined by the debt agreement, provide for minimums of 100% of the maximum debt service on all notes and 125% of the maximum debt service on senior notes. FAP loans are considered senior obligations.

Promissory notes issued and outstanding under the SRF program were $227,302 (including the 2019 and 2018 note issuances disclosed below) and $88,200, respectively, as of June 30, 2019. The Authority had $77,102 available to be drawn as of June 30, 2019. Promissory notes outstanding under the FAP program were $84,855 as of June 30, 2019.

Note Issuances – On April 1, 2019, the Authority issued Clean Water State Revolving Fund Loan Promissory Note Series 2019A for $10,626, maturing 2041 with an interest rate of 2.32%. Draws, received on a reimbursement basis, will provide funds for making necessary improvements to the wastewater system. As of June 30, 2019, there was no outstanding balance on Promissory Note 2019A.

On June 26, 2018, the Authority issued Clean Water State Revolving Fund Loan Promissory Note Series 2018A for $14,350, maturing 2041 with an interest rate of 2.53%. Draws, received on a reimbursement basis, will provide funds for making necessary improvements to the wastewater system. As of June 30, 2019, there was an outstanding balance of $3 on Promissory Note 2018A.

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

10. NONCURRENT LIABILITIES, continued

Promissory note payable activity for the year ended June 30, 2019 is as follows:

Promissory Notes and Maturity Dates	Loan Type	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Sewer:								
Series 2001B - 2020	SRF	$ 4,996	0.50%	$ 526	$ -	$ (263)	$ 263	$ 263
Series 2002D - 2021	SRF	6,813	0.50%	1,223	-	(349)	874	349
Series 2004B - 2023	SRF	1,560	0.50%	440	-	(80)	360	80
Series 2005B - 2027	SRF	7,900	3.10%	4,171	-	(383)	3,788	395
Series 2005C - 2025	SRF	1,203	0.50%	451	-	(60)	391	60
Series 2006A - 2027	SRF	3,130	3.10%	1,611	-	(148)	1,463	153
Series 2006C - 2029	SRF	17,825	3.10%	10,911	-	(801)	10,110	826
Series 2007A - 2026	SRF	5,131	0.50%	2,237	-	(263)	1,974	263
Series 2009A - 2032	SRF	11,320	3.22%	6,967	158	(566)	6,559	566
Series 2009B - 2032	SRF	7,350	2.91%	3,983	-	(234)	3,749	240
Series 2010A - 2032	SRF	27,757	2.89%	19,470	-	(1,388)	18,082	1,388
Series 2010B - 2030	FAP	29,380	3.145-5.145%	21,460	-	(1,265)	20,195	1,330
Series 2011A - 2033	SRF	23,480	3.11%	17,278	-	(1,174)	16,104	1,174
Series 2011B - 2031	FAP	14,275	2.645-5.145%	11,080	-	(595)	10,485	615
Series 2011C - 2034	SRF	16,700	2.55%	13,199	-	(835)	12,364	835
Series 2012A - 2034	SRF	4,347	2.43%	3,176	-	(217)	2,959	217
Series 2012B - 2032	FAP	11,355	3.145-3.395%	8,895	-	(480)	8,415	495
Series 2013A - 2035	SRF	9,850	2.24%	5,987	-	(518)	5,469	518
Series 2013B - 2033	FAP	27,605	2.645-5.145%	23,295	-	(1,035)	22,260	1,065
Series 2014A - 2035	SRF	2,910	2.58%	2,396	-	(146)	2,250	146
Series 2014B - 2033	FAP	10,180	2.145-4.06%	8,690	-	(440)	8,250	445
Series 2014C - 2034	FAP	17,735	2.6624-5.145%	15,920	-	(670)	15,250	690
Series 2015A - 2038	SRF	28,330	2.46%	2,855	-	(1,417)	1,438	1,417
Series 2018A - 2041	SRF	14,350	2.53%	-	3	-	3	-
				$ 186,221	$ 161	$ (13,327)	$ 173,055	$ 13,530

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

10. NONCURRENT LIABILITIES, continued

Promissory note payable activity for the year ended June 30, 2018 is as follows:

Promissory Notes and Maturity Dates	Loan Type	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Sewer:								
Series 1998B - 2017	SRF	$ 4,392	0.50%	$ 115	$ -	$ (115)	$ -	$ -
Series 2001B - 2020	SRF	4,996	0.50%	789	-	(263)	526	263
Series 2002D - 2021	SRF	6,813	0.50%	1,572	-	(349)	1,223	349
Series 2004B - 2023	SRF	1,560	0.50%	520	-	(80)	440	80
Series 2005B - 2027	SRF	7,900	3.10%	4,543	-	(372)	4,171	383
Series 2005C - 2025	SRF	1,203	0.50%	511	-	(60)	451	60
Series 2006A - 2027	SRF	3,130	3.10%	1,754	-	(143)	1,611	148
Series 2006C - 2029	SRF	17,825	3.10%	11,688	-	(777)	10,911	801
Series 2007A - 2026	SRF	5,131	0.50%	2,500	-	(263)	2,237	263
Series 2009A - 2032	SRF	11,320	3.22%	7,372	161	(566)	6,967	566
Series 2009B - 2032	SRF	7,350	2.91%	4,210	-	(227)	3,983	234
Series 2010A - 2032	SRF	27,757	2.89%	20,858	-	(1,388)	19,470	1,388
Series 2010B - 2030	FAP	29,380	3.145-5.145%	22,690	-	(1,230)	21,460	1,265
Series 2011A - 2033	SRF	23,480	3.11%	18,452	-	(1,174)	17,278	1,174
Series 2011B - 2031	FAP	14,275	2.645-5.145%	11,660	-	(580)	11,080	595
Series 2011C - 2034	SRF	16,700	2.55%	14,034	-	(835)	13,199	835
Series 2012A - 2034	SRF	4,347	2.43%	3,393	-	(217)	3,176	217
Series 2012B - 2032	FAP	11,355	3.145-3.395%	9,360	-	(465)	8,895	480
Series 2012C - 2017	FAP	2,450	4.15%	505	-	(505)	-	-
Series 2013A - 2035	SRF	9,850	2.24%	4,445	2,060	(518)	5,987	518
Series 2013B - 2033	FAP	27,605	2.645-5.145%	24,305	-	(1,010)	23,295	1,035
Series 2014A - 2035	SRF	2,910	2.58%	2,178	364	(146)	2,396	146
Series 2014B - 2033	FAP	10,180	2.145-4.06%	9,120	-	(430)	8,690	440
Series 2014C - 2034	FAP	17,735	2.6624-5.145%	16,575	-	(655)	15,920	670
Series 2015A - 2038	SRF	28,330	2.460%	446	3,117	(708)	2,855	1,417
				$ 193,595	$ 5,702	$ (13,076)	$ 186,221	$ 13,327

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

10. NONCURRENT LIABILITIES, continued

GENERAL LONG-TERM DEBT – General long-term debt of the Authority consists of general obligation bonds approved by the voters and issued by the City for water and wastewater capital assets. These bonds are required to be fully paid within 25 years from the date of issue and are backed by the full faith and credit of the City. The City's Charter requires not less than 50% of the annual principal and interest requirements on general obligation bonds issued for waterworks and wastewater be funded by water and wastewater revenues, respectively. General obligation bond activity during 2019 and 2018 was as follows:

2019:

Bonds and Maturity Dates	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2009A- 2019	$ 5,532	4.00%	$ 587	$ -	$ (587)	$ -	$ -
Series 2009B- 2021	6,340	5.00%	1,625	-	(541)	1,084	530
Series 2013A- 2025	8,534	2.50%	4,553	-	(720)	3,833	697
Series 2014A- 2026	430	3.00%	297	-	(42)	255	40
Series 2015A- 2027	4,222	2.00-2.50%	3,031	-	(373)	2,658	362
Series 2016A- 2019	5,587	5.00%	1,368	-	(1,368)	-	-
Series 2017A- 2021	2,155	5.00%	2,155	-	-	2,155	710
			$13,616	$ -	$ (3,631)	$ 9,985	$ 2,339

2018:

Bonds and Maturity Dates	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2009A- 2019	$ 5,532	4.00%	$ 1,160	$ -	$ (573)	$ 587	$ 587
Series 2009B- 2021	6,340	5.00%	2,175	-	(550)	1,625	542
Series 2013A- 2025	8,534	2.50%	5,297	-	(744)	4,553	720
Series 2014A- 2026	430	3.00%	340	-	(43)	297	41
Series 2015A- 2027	4,222	2.00-2.50%	3,415	-	(384)	3,031	373
Series 2016A- 2019	5,587	5.00%	3,447	-	(2,079)	1,368	1,369
Series 2017A- 2021	2,155	5.00%	2,155	-	-	2,155	-
			$17,989	$ -	$ (4,373)	$13,616	$ 3,632

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

10. NONCURRENT LIABILITIES, continued

PRINCIPAL AND INTEREST PAYMENTS IN SUBSEQUENT YEARS – Scheduled maturities of principal and interest in subsequent years are as follows:

	Revenue Bonds		Promissory Notes		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 15,500	$ 5,886	$ 13,530	$ 6,077	$ 2,339	$ 303
2021	15,690	5,362	12,069	5,705	2,338	215
2022	15,960	4,815	12,074	5,327	1,762	126
2023	16,355	4,257	12,160	4,911	1,007	84
2024	16,775	3,685	12,399	4,485	980	60
2025-2029	60,245	9,990	64,452	15,561	1,559	61
2030-2034	21,730	3,650	44,977	4,268	-	-
2035-2039	12,345	940	1,394	35	-	-
	$ 174,600	$ 38,585	$ 173,055	$ 46,369	$ 9,985	$ 849

As disclosed in this note, 22 percent of Water Fund net revenue was required for debt service on water revenue bonds for the year ended June 30, 2019, and 42 percent of Sewer Fund net revenue was required for debt service on sewer revenue bonds and promissory notes for the year ended June 30, 2019.

11. NONCANCELABLE CAPITAL LEASE

On December 2, 1984, the Authority entered a contract with the Department of the Army of the United States of America to utilize storage of the Oologah Lake as a source of a municipal and industrial water supply. Interest rates for the contract were determined by the Secretary of the Treasury. For the initial development stage, the interest rate is 2.5 percent, and for the ultimate development stage, it is 3.225 percent. There is an outlet works and four storage spaces referenced in the contract. Payment terms are annual. The outlet work and storage space one matured in 2012 and had an interest rate of 2.5 percent. The maturity date and interest rate for the remaining three storage spaces are 2031 and 3.225 percent, respectively. The contract includes annual operation and maintenance expenses. Upon expiration of the lease, with continued payment of annual operating costs, and costs allocated for reconstruction, rehabilitation or replacement of the outlet works, the Authority has a permanent right to use of the water supply storage space. The lease payments are subject to a consumer price index adjustment.

The minimum lease payments under the lease are as follows:

	Principal	Interest	Expense	Total
2020	$ 220	$ 102	$ 269	$ 591
2021	228	95	269	592
2022	235	88	269	592
2023	242	80	269	591
2024	250	72	269	591
2025-2029	1,377	235	1,347	2,959
2030-2031	615	30	539	1,184
	$ 3,167	$ 702	$ 3,231	$ 7,100

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

12. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2019 and 2018, the Authority conducted the following transactions with related entities:

	2019	2018
Indirect cost paid to the City of Tulsa	$ 5,792	$ 5,716
Payment in lieu of taxes to the City of Tulsa	$ 14,101	$ 14,044
Capital contributions from the City of Tulsa	$ 571	$ 443
Charges for utility services paid by the City of Tulsa	$ 1,525	$ 1,552
Charges for maintenance of equipment paid to the City of Tulsa	$ 4,044	$ 3,488

The Authority has outstanding advances from unspent bonds proceeds to the City in the amount of $0 and $5 as of June 30, 2019 and 2018. As a result, there is a noncurrent asset – advances to primary government, recorded in the statements of net position equal to this amount for the year ended June 30, 2018. The Authority also recorded accounts payable in the amount of $824 and $2,053 related to capital contributions due to RMUA at June 30, 2019 and 2018.

13. COMMITMENTS

As of June 30, 2019, the Authority had open commitments for construction projects of approximately $81,752.

14. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87 – *Leases* – This Statement will be effective for the Authority beginning with its fiscal year ending June 30, 2021.

This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority's management has not yet determined the effect this statement will have on the Authority's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION (In thousands of dollars)

Municipal Employers Retirement Plan
Schedule of the Authority's Proportionate Share – For the current and prior years

	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability for employees whose payroll costs were charged to the Authority	27.80%	27.94%	28.53%	28.03%	28.17%	27.53%
Authority's proportionate share of the net pension liability for employees whose payroll costs were charged to the Authority	$ 65,292	$ 54,849	$ 56,361	$ 60,625	$ 35,290	$ 30,761
Authority's covered payroll for employees whose payroll costs were charged to the Authority	$ 34,531	$ 33,368	$ 33,235	$ 32,905	$ 29,197	$ 30,525
Authority's proportionate share of the net pension liability as a percentage of its covered payroll for employees whose payroll costs were charged to the Authority	189.08%	164.38%	169.58%	184.24%	120.87%	100.77%
Plan fiduciary net position as a percentage of the total pension liability	66.91%	70.61%	69.39%	65.62%	77.13%	79.29%

The amounts presented were determined as of year end.

* Prior year information is not available.

Municipal Employers Retirement Plan
Schedule of the Authority's Payments

Year	Required Contribution	Actual Contributions	Contribution Deficiency (Excess)	City's Covered Payroll funded by Authority payments	Contributions as a percentage of Covered Payroll
2019	$ 5,352	$ 5,352	$ -	$ 34,531	15.50%
2018	5,172	5,172	-	33,368	15.50%
2017	3,822	3,822	-	33,235	11.50%
2016	3,741	3,741	-	32,530	11.50%
2015	3,572	3,572	-	31,064	11.50%
2014	3,056	3,056	-	30,564	10.00%
2013	3,073	3,073	-	30,732	10.00%
2012	2,851	2,851	-	30,658	9.30%
2011	1,856	1,856	-	29,454	6.30%
2010	1,674	1,674	-	26,573	6.30%

REQUIRED SUPPLEMENTARY INFORMATION (In thousands of dollars)

Postemployment Benefits Other than Pensions Plan
Schedule of Proportionate Share - For the current and prior years

	2019	2018	2017	2016
Authority's proportion of the total OPEB liability for employees whose payroll costs were charged to the Authority	34.73%	35.25%	35.67%	35.68%
Authority's proportionate share of the total OPEB liability for employees whose payroll costs were charged to the Authority	$ 2,130	$ 2,225	$ 2,010	$ 2,147
Authority's covered payroll for employees whose payroll costs were charged to the Authority	$ 37,152	$ 36,610	$ 37,133	$ 36,061
Authority's proportionate share of total OPEB liability as a percentage of its covered payroll for employees whose payroll costs were charged to the Authority	5.7%	6.1%	5.4%	6.0%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%

* Prior year information is not available.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2019	3.51%
2018	3.87%
2017	3.56%
2016	4.00%

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)

FINANCIAL REPORT
June 30, 2019 and 2018

THE POWER OF BEING UNDERSTOOD
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TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
INDEX
June 30, 2019 and 2018

RSM US LLP

Independent Auditor's Report

Board of Trustees
Tulsa Parking Authority

Report on the Financial Statements
We have audited the accompanying financial statements of the Tulsa Parking Authority (the Authority), a component unit of the City of Tulsa, Oklahoma, as of and for the years ended June 30, 2019 and 2018, 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 an opinion 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. 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 opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying other statistical information, as listed in the table of contents, 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.

RSM US LLP

Kansas City, Missouri
November 18, 2019

As management of the Tulsa Parking Authority (the "Authority"), a component unit of the City of Tulsa, Oklahoma (the "City"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended June 30, 2019 and 2018. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 7. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded liabilities at the close of the most recent year by $30,392. Of this amount, $9,314 represents unrestricted net position, which may be used to meet the Authority's ongoing obligations.
- The Authority's net position increased from $27,071 at June 30, 2018 to $30,392 at June 30, 2019. During 2019, the Authority generated an increase in net position of $3,321 compared to $2,481 during 2018.
- The Authority's total liabilities decreased by $1,984 and $1,899 at June 30, 2019 and 2018, respectively.

Overview of the Financial Statements

The Authority, a legally separate public trust, is reported by the City as a discretely presented component unit in the City's Comprehensive Annual Financial Report. The purpose of the Authority is to provide parking facilities to the general public.

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The financial statements include: 1) statements of net position, (2) statements of revenues, expenses and changes in net position, 3) statements of cash flows, and 4) notes to the financial statements.

Required Financial Statements

The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position includes all of the Authority's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. It also provides the basis for assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the financial success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through user fees and other charges, profitability, and credit worthiness. The third required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and changes in cash resulting from operations, investing, and financing activities. The cash flow statement provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the period.

Net Position

The Authority's net position increased 12.3% from $27,071 at June 30, 2018 to $30,392 at June 30, 2019. Net position increased 10.1% from $24,590 at June 30, 2017 to $27,071 at June 30, 2018. The following provides a summary of net position:

SUMMARY OF NET POSITION

	2019	2018	2017
Current and other assets	$ 12,665	$ 10,644	$ 9,533
Capital assets, net	25,168	25,795	26,255
Total assets	37,833	36,439	35,788
Total deferred outflows of resources	267	324	393
Current liabilities	1,248	2,206	2,127
Noncurrent liabilities	6,460	7,486	9,464
Total liabilities	7,708	9,692	11,591
Net investment in capital assets	19,605	18,727	17,743
Restricted	1,473	2,229	2,239
Unrestricted	9,314	6,115	4,608
Total net position	$ 30,392	$ 27,071	$ 24,590

In 2019, total assets experienced a net increase of $1,394 or 3.8%. Increases of $2,021 in total current assets were due primarily to $1,523 increase in investments. Capital assets additions of $298 were offset by the $925 annual provision for depreciation. Total liabilities decreased $1,984 or 20.5% primarily due to the $1,910 scheduled principal payment on revenue bonds.

In 2018, total assets experienced a net increase of $651 or 1.8%. Increases of $1,111 in total current assets were due primarily to $1,081 increase in investments. Capital assets additions of $439 were offset by the $899 annual provision for depreciation. Total liabilities decreased $1,899 or 16.4% primarily due to the $1,855 scheduled principal payment on revenue bonds.

SUMMARY OF CHANGES IN NET POSITION

	2019	2018	2017
Operating revenues	$ 8,043	$ 7,944	$ 7,470
Capital contributions	-	147	-
Investment income	220	103	22
Total revenues	8,263	8,194	7,492
Depreciation expense	925	899	869
Other operating expense	3,764	4,503	3,609
Nonoperating expense	253	311	367
Total expenses	4,942	5,713	4,845
Change in net position	3,321	2,481	2,647
Net position, beginning of year	27,071	24,590	21,943
Net position, end of year	$ 30,392	$ 27,071	$ 24,590

In 2019, the Authority's operating revenues increased $99 or 1.2%. Parking facilities income increased $84 due to the signing of a new major tenant who is using the 100 West parking facility; and special event parking associated with the BOK Center's 10th anniversary. Investment income increased $117 due to increased average investment balances and an increase on the return on investments. Other operating expenses decreased $739 primarily due to a $684 decrease in repairs and maintenance costs for concrete repair work, a $117 decrease in contracting services and a $61 increase in general and administrative. Nonoperating expense decreased $58 or 18.6% due to a decrease in interest expense. Revenues exceeded expenses resulting in an increase in net position of $3,321.

In 2018, the Authority's operating revenues increased $474 or 6.3%. Parking facilities income increased by $501 due to the signing of a new major tenant who is using the 100 West parking facility; and special event parking associated with the BOK Center's 10th anniversary. Capital contributions increased $147 due to tax increment finance funding for parking signs/graphics enhancements. Investment income increased $81 due to increased average investment balances and an increase on the return on investments. Other operating expenses increased $894 primarily due to a $676 increase in repairs and maintenance due to resuming the annual repair program, a $281 increase in contracting services and a $63 decrease in general and administrative. Nonoperating expense decreased $56 or 15.3% due to decreased interest expense. Revenues exceeded expenses resulting in an increase in net position of $2,481.

Capital Assets

The Authority's investment in capital assets as of June 30, 2019 and 2018 was $25,168 and $25,795, respectively (net of accumulated depreciation). During the 2019 fiscal year, the Authority paid $192 related to Main Park Plaza remodeling efforts still in progress at year end, $14 for land improvements related to the Williams Center South Garage, $57 primarily related to LED lighting for the Civic Center and 100 West Garages and $35 for payment equipment installed at the Williams Center South Garage. During the 2018 fiscal year the Authority purchased exterior signage of $206, made improvements to the Boulder Parking Lot of $126 and improvements to Main Park Plaza of $107.

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

	2019	2018	2017
Land	$ 9,348	$ 9,348	$ 9,348
Construction in progress	192	$ 107	-
Land improvements	777	763	637
Buildings	49,261	49,097	49,097
Equipment	1,231	1,196	990
	60,809	60,511	60,072
Less accumulated depreciation	(35,641)	(34,716)	(33,817)
Capital assets, net	$ 25,168	$ 25,795	$ 26,255

Debt

At June 30, 2019 and 2018 the Authority had outstanding revenue bond debt of $7,165 and $9,075, respectively. The bonds issued in 2012 refunded all other revenue bonds. Principal payments began in 2014 and will continue until the bonds are paid in full in 2029.

As an issuer of bonds, the Authority is subject to numerous covenants contained within the bond indentures. Additional information regarding the Authority's covenants can be found in Note 4 to the financial statements.

Requests for Information

This financial report is designed to provide interested parties with a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Tulsa, Office of the Controller, 175 East Second Street, Suite 1570, Tulsa, Oklahoma 74103.

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF NET POSITION
June 30, 2019 and 2018

(in thousands of dollars)

ASSETS	**2019**	**2018**
Current assets:		
Cash and cash equivalents	$ 4,733	$ 5,597
Cash and cash equivalents, restricted	1,511	1,290
Accounts receivable, net	187	79
Investments	2,501	990
Interest receivable	38	20
Prepaid expense	538	513
Other assets	-	1,031
Total current assets	9,508	9,520
Noncurrent assets:		
Cash and cash equivalents, restricted	51	36
Investments	2,006	-
Investments, restricted	1,100	1,088
Nondepreciable capital assets	9,540	9,455
Depreciable capital assets, net	15,628	16,340
Total noncurrent assets	28,325	26,919
Total assets	$ 37,833	$ 36,439
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	267	324
Total deferred outflows of resources	$ 267	$ 324

(Continued)

The accompanying notes are an integral part of these financial statements.

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF NET POSITION, Continued
June 30, 2019 and 2018

(in thousands of dollars)

LIABILITIES	**2019**	**2018**
Current liabilities:		
Accounts payable	$ 88	$ 84
Unearned revenue	64	57
Interest payable on revenue bonds	126	155
Current portion of revenue bonds	970	1,910
Total current liabilities	1,248	2,206
Noncurrent liabilities:		
Deposits subject to refund	4	4
Revenue bonds payable	6,195	7,165
Unamortized premium	261	317
Total noncurrent liabilities	6,460	7,486
Total liabilities	7,708	9,692
NET POSITION		
Net investment in capital assets	19,605	18,727
Restricted for:		
Debt service	1,473	2,229
Unrestricted net position	9,314	6,115
Total net position	$ 30,392	$ 27,071

The accompanying notes are an integral part of these financial statements.

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2019 and 2018

(in thousands of dollars)

	2019	2018
Operating revenues:		
Parking facilities income	$ 7,824	$ 7,740
Rental income	219	204
Total operating revenues	8,043	7,944
Operating expenses:		
Contracting services	3,317	3,434
General and administrative	342	280
Repairs and maintenance	105	789
Depreciation	925	899
Total operating expenses	4,689	5,402
Operating income	3,354	2,542
Nonoperating revenues (expenses):		
Investment income	220	103
Interest and amortization expense	(253)	(311)
Net nonoperating expenses	(33)	(208)
Income before contributions	3,321	2,334
Capital contributions from Tulsa Development Authority	-	147
Change in net position	3,321	2,481
Net position, beginning of year	27,071	24,590
Net position, end of year	$ 30,392	$ 27,071

The accompanying notes are an integral part of these financial statements.

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

(in thousands of dollars)

	2019	2018
Cash flows from operating activities:		
Cash received from customers, including cash deposits	$ 8,024	$ 7,951
Cash payments to suppliers for goods and services	(3,686)	(4,201)
Cash payments for quasi-external operating transactions	(233)	(221)
Net cash provided by operating activities	4,105	3,529
Cash flows from noncapital financing activities:		
Principal paid on revenue bonds	(430)	(415)
Interest paid on revenue bonds	(28)	(45)
Payment for forward delivery agreement	(1)	(3,618)
Receipts from forward delivery agreement	1,032	2,606
Net cash (used) provided by noncapital financing activities	573	(1,472)
Cash flows from capital and related financing activities:		
Contributions from Tulsa Development Authority	-	147
Principal paid on revenue bonds	(1,480)	(1,440)
Interest paid on revenue bonds	(253)	(292)
Acquisition and construction of capital assets	(247)	(439)
Net cash used by capital and related financing activities	(1,980)	(2,024)
Cash flows from investing activities:		
Investment income received	179	87
Purchase of investments	(4,000)	(2,078)
Sale or maturity of investments	495	998
Net cash used by investing activities	(3,326)	(993)
Net change in cash and cash equivalents	(628)	(960)
Cash and cash equivalents, beginning of year	6,923	7,883
Cash and cash equivalents, end of year	$ 6,295	$ 6,923

(Continued)

The accompanying notes are an integral part of these financial statements.

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF CASH FLOWS, Continued
Years Ended June 30, 2019 and 2018

(in thousands of dollars)

	2019	2018
Reconciliation of cash and cash equivalents to the Statements of Net Position:		
Current unrestricted cash and cash equivalents	$ 4,733	$ 5,597
Current restricted cash and cash equivalents	1,511	1,290
Restricted cash and cash equivalents	51	36
Total cash and cash equivalents	$ 6,295	$ 6,923
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 3,354	$ 2,542
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	925	899
(Increase) decrease in accounts receivable	(108)	34
Decrease (increase) in prepaid expense	(25)	2
Increase (decrease) in accounts payable	(48)	79
(Decrease) increase in unearned revenue	7	(27)
Net cash provided by operating activities	$ 4,105	$ 3,529
Noncash capital and investing activities:		
Purchase of capital assets in accounts payable	$ 51	$ -
Increase in fair value of investments	$ 25	$ 10

The accompanying notes are an integral part of these financial statements.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS - Tulsa Parking Authority (the "Authority") was formed by the City of Tulsa, Oklahoma ('the City") in 1963 to develop and operate parking facilities for the benefit of the residents of the City and for the purpose of providing parking facilities to the general public.

REPORTING ENTITY - The Authority is a public trust whose trustees consist of the Mayor and four trustees who are appointed by the Mayor. The City provides certain resources to the Authority. The City is the sole beneficiary of the trust and will receive the remaining assets of the trust upon termination. The Authority is a component unit of the City and is included in the City's Comprehensive Annual Financial Report as a discretely presented component unit.

BASIS OF ACCOUNTING AND PRESENTATION – The financial statements of the Authority are prepared in accordance with generally accepted accounting principles ("GAAP") as applied to business-type activities of governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. All amounts are expressed in thousands unless otherwise noted.

The financial statements of the Authority have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Voluntary nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions. Investment income and voluntary nonexchange transactions are included in nonoperating revenues and expenses.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents reported on the statement of net position includes both the amounts held within the City's pooled portfolio and other cash equivalents. Cash and cash equivalents also consists of money market accounts, which are reported at amortized cost.

The Authority is allocated interest monthly based on their average daily position in the City's pooled portfolio. Changes in fair value of the City's pooled portfolio are allocated annually based on the Authority's position as of June 30.

For purposes of reporting cash flows, the Authority considers all highly liquid debt instruments with an original maturity of three months or less when purchased, and any amounts held by the City's internal pool, to be cash equivalents.

The amounts held in the City's pooled portfolio are considered liquid as they are available to be withdrawn on demand, with no redemption restrictions.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

INVESTMENTS - Investments consist of obligations of the U.S. Treasury and investment agreements with financial institutions and money market funds. These investments are held by bond trustees and invested in accordance with the requirements and terms of various bond indentures. Investments are recorded at fair value.

The Authority experienced an increase in the fair value of investments of approximately $25 and $10 for the years ended June 30, 2019 and 2018, respectively. Realized gains and losses as well as changes in fair value of investments are reported in investment income or loss in the Statement of Revenues, Expenses and Changes in Net Position.

FAIR VALUE MEASUREMENT – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between the market and participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The Authority categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

> Level 1 Input - Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.
>
> Level 2 Input - Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
>
> Level 3 Input – Inputs that are unobservable for the asset or liability which are typically based upon the Authority's own assumptions as there is little, if any, related market activity.

Hierarchy - the fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Inputs – If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

OTHER ASSETS – Other Assets on the Statements of Net Position are related to the Forward Delivery Agreement (See Note 4). The agreement requires the counterparty to collateralize the amounts in the contract with appropriate securities to be held by a trustee.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

CAPITAL ASSETS – Capital assets purchased or acquired are carried at historical cost; contributed assets are recorded at acquisition value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Interest incurred during the construction phase of capital assets of the enterprise activities is expensed in accordance with GASB Statement No. 89. Capital assets which are sold or disposed have their cost and related accumulated depreciation removed from the records. The related gain or loss is recorded in the period of sale or disposal.

DEPRECIATION – Capital assets placed in service are depreciated over the following estimated service lives and have the following capital thresholds:

Land Improvements	25 years	$5
Buildings and improvements	10-30 years	$5
Equipment	5-15 years	$5

RESTRICTED ASSETS - Restricted assets consist primarily of cash and investments held by a bank trustee for debt service payments and managed pursuant to a bond indenture.

BOND PREMIUMS - Premiums are amortized over the life of the revenue bonds using the effective interest method.

NET POSITION – Net position of the Authority represents the difference between assets, liabilities and deferred inflows/outflows. Net investment in capital assets, consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or, laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Authority first applies restricted resources. Unrestricted net position is assets and deferred outflows less liabilities and deferred inflows that do not meet the definition of net investment in capital assets or restricted.

DEFERRED CHARGES ON REFUNDING - Deferred charges on refunding represents the difference in the reacquisition price and the net carrying amount of the old debt. These charges are presented as a deferred outflow of resources, amortized using the effective interest method, and recognized as a component of interest expense over the life of the old or new debt, whichever is shorter.

INCOME TAXES - As a political subdivision, the Authority is exempt from federal income taxes under Section 115(l) of the Internal Revenue Code.

USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars), continued

2. CASH DEPOSITS AND INVESTMENTS

CASH AND CASH EQUIVALENTS – Cash deposits of the Authority are maintained within the City's pooled portfolio except for cash held separately for operator receipts of $187 and $226 at June 30, 2019 and 2018, respectively. The City's pooled portfolio consists primarily of time deposits and other securities guaranteed by the United States Government. At June 30, 2019 and 2018 the Authority maintained balances of $268 and $187, respectively, in the City's pooled portfolio which represented 0.03% and 0.02% respectively of the City's pooled portfolio.

The City's pooled portfolio is collateralized by securities held by the City or its agent in the City's name as of June 30, 2019 and 2018.

Please refer to the City's Comprehensive Annual Financial Report for additional information on the City's pooled portfolio, including required disclosures of risks and fair value measurements. A copy of the City's separately-issued report can be obtained at www.cityoftulsa.org.

In addition, the Authority has money market accounts of $5,840 and $6,510 as of June 30, 2019 and 2018, respectively, which are reported as cash and cash equivalents on the statement of net position.

INVESTMENTS – For the years ended June 30, the Authority had the following investments:

June 30, 2019		Maturities in Years		
Type	**Fair Value**	**Less than 1**	**1-5**	**Fair Value Measurement**
Certificates of deposit	$ 4,007	$ 2,001	$ 2,006	Level 2
U.S. Treasury securities	1,600	1,600	-	Level 1
	$ 5,607	$ 3,601	$ 2,006	

June 30, 2018		Maturities in Years		
Type	**Fair Value**	**Less than 1**	**1-5**	**Fair Value Measurement**
U.S. Treasury securities	$ 2,078	$ 2,078	$ -	Level 1

Interest Rate Risk – Interest rate risk is the risk that a change in interest rates will adversely affect the value of an investment. For investments not restricted by bond requirements, the Authority utilizes the City's investment policy as a means of limiting its exposure to fair value losses arising from rising interest rates. For restricted funds, bond requirements limit the type of investments that can be acquired and consist of U.S. agency obligations, U.S. Treasury Securities and money market accounts.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority's bond indenture dictates the types of investments that can be purchased thereby reducing credit risk. The Authority's investments in U.S. Treasury Securities are not subject to credit risk.

2. CASH DEPOSITS AND INVESTMENTS, continued

Custodial Credit Risk – For deposits with financial institutions, custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Deposits and investments – The Authority's deposit policy for custodial credit risk requires compliance with provisions of state law and that demand deposits be collateralized at least 110% of the amount that is not federally insured. As of June 30, 2019 and 2018, the Authority's bank balances of deposits with financial institutions were $187 and $226, respectively. At June 30, 2019 the Authority was in compliance with the provisions of the deposit policy and not exposed to custodial credit risk. For an investment, 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 investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the Authority's investments in U.S. Treasury securities at June 30, 2019 and 2018 are insured or are registered securities held by the Authority or by its agent in the Authority's name.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested in any one issuer. At June 30, 2019 and 2018, The Authority's investments in U.S. Treasury securities are not subject to concentration of credit risk disclosure.

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars), continued

3. CAPITAL ASSETS

The changes in capital assets are summarized as follows:

June 30, 2019	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	$ 9,348	$ -	$ -	$ 9,348
Construction in progress	107	192	(107)	192
Total nondepreciable capital assets	9,455	192	(107)	9,540
Depreciable capital assets:				
Land improvements	763	14	-	777
Buildings	49,097	164	-	49,261
Equipment	1,196	35	-	1,231
Total depreciable capital assets	51,056	213	-	51,269
Less accumulated depreciation:				
Land improvements	(115)	(31)	-	(146)
Buildings	(33,704)	(811)	-	(34,515)
Equipment	(897)	(83)	-	(980)
Total accumulated depreciation	(34,716)	(925)	-	(35,641)
Total depreciable capital assets, net	16,340	(712)	-	15,628
Capital assets, net	$ 25,795	$ (520)	$ (107)	$ 25,168

June 30, 2018	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	$ 9,348	$ -	$ -	$ 9,348
Construction in progress	-	107	-	107
Total nondepreciable capital assets	9,348	107	-	9,455
Depreciable capital assets:				
Land improvements	637	126	-	763
Buildings	49,097	-	-	49,097
Equipment	990	206	-	1,196
Total depreciable capital assets	50,724	332	-	51,056
Less accumulated depreciation:				
Land improvements	(89)	(26)	-	(115)
Buildings	(32,896)	(808)	-	(33,704)
Equipment	(832)	(65)	-	(897)
Total accumulated depreciation	(33,817)	(899)	-	(34,716)
Total depreciable capital assets, net	16,907	(567)	-	16,340
Capital assets, net	$ 26,255	$ (460)	$ -	$ 25,795

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars), continued

4. PARKING REVENUE BONDS

The Authority has issued revenue bonds for the purpose of constructing parking facilities, making major renovations to parking facilities and refunding prior issues of revenue bonds. Revenue bond payable activity for the years ended June 30, is as follows:

2019:

Bonds and Maturity Date	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Refunding Series 2012, 2029	$ 17,860	3.0% - 4.0%	$ 9,075	$ -	$ 1,910	$ 7,165	$ 970
			$ 9,075	$ -	$ 1,910	$ 7,165	$ 970

2018:

Bonds and Maturity Date	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Refunding Series 2012, 2029	$ 17,860	3.0% - 4.0%	$ 10,930	$ -	$ 1,855	$ 9,075	$ 1,910
			$ 10,930	$ -	$ 1,855	$ 9,075	$ 1,910

COLLATERAL - The Series 2012 Bonds are collateralized solely by the monies and assets in the Trust Estate. The Trust Estate is defined as the revenues; any parking subscription agreements or guarantee agreements; any subordinate lien or claim upon nonsystem revenues; the Authority's interest in the Civic Center Parking Facility, Main Street Parking Facility, the 100 West Facility, the Boulder Lot and the North and South Garages; all of the Authority's right, title and interest under the Amended Project Site Lease Agreement (dated as of September 1, 1985) between the City and the Authority; and any concession fees or charges and lease rentals derived from any rental space owned or operated by the Authority or operated for the benefit of the Authority.

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars), continued

4. PARKING REVENUE BONDS, continued

COVENANT - The revenue bonds contain certain covenants. The covenants require that gross revenue of the parking system, as defined by the Master Bond Indenture, less direct operating expenses provide for a minimum debt service coverage ratio of 1.00.

PRINCIPAL AND INTEREST PAYMENTS IN SUBSEQUENT YEARS – Principal and interest payments in subsequent years are as follows:

	Series 2012	
	Principal	Interest
2020	970	238
2021	535	212
2022	555	190
2023	580	168
2024	605	144
2025-2029	3,920	354
	$ 7,165	$ 1,306

The Authority's Revenue Bonds are subject to acceleration if the Authority defaults.

DEBT SERVICE FORWARD DELIVERY AGREEMENT - In 1995, the Authority entered into a Debt Service Forward Delivery Agreement (the "Agreement") with Bank One, as trustee for the Authority, and Wachovia Bank, National Association ("Wachovia"). The Authority entered into this agreement in order to lessen the Authority's exposure to declining interest rates associated with the Authority's investment of cash balances. Under the terms of the Agreement, the Authority received a fee of $275. This fee was recognized as interest income over the life of the original agreement. In 2002, in conjunction with the refunding of the Series 1985 Bonds, the Agreement was amended and extended through the life of the Series 2002 Bonds. In 2012, in conjunction with the refunding of the Series 2002 Bonds the Agreement was amended. The amendment allowed for the Agreement to continue for the same period of time and amount even though the bonds were refunded. The agreement continued through July 2, 2018, the last bond payment date set forth in the terms of the Agreement.

In consideration of the monthly debt service deposit, Wachovia delivered qualified securities as collateral to the Trustee on the stated delivery dates. The Trustee, from the funds provided by the debt service deposit, purchased the securities for an amount equal to the maturity amount. The maturity amount is the amount payable in cash, representing principal and interest due based on the original maturity date of the 2002 bonds that were defeased. At delivery of the securities to the Trustee, the delivery notice specifies the maturity amount (amount paid by the Trustee) and the market value of the securities and any difference (the differential). The Trustee held these securities until the next bond payment, which at that time, the securities mature, and the proceeds were used to make principal and interest payments on the outstanding Series 2012 bonds. In terms of credit risk, the monthly debt service funds deposited with Wachovia are 100% collateralized by acceptable securities. The collateral could be liquidated by the Trustee should Wachovia fail to fulfill the Agreement. As of June 30, 2018, the value of the collateral was $1,031, and was reported as other assets on the Statement of Net Position. The agreement ended July 2, 2018.

5. PARKING REVENUES PLEDGED

The Authority has pledged future gross revenues derived from the operations of the parking facilities to repay $17,860 in revenue bonds issued. Proceeds from the bonds provided financing for various parking facilities and debt refundings. The bonds are payable solely from gross revenues and are payable through July 2028. Principal payments were $1,910 and $1,855 in 2019 and 2018, respectively. Interest paid for 2019 and 2018 was $281 and $337, respectively. Annual principal and interest payments on the bonds required 27% of gross revenues in 2019 and 2018. Total gross revenues were $8,263 and $8,047 in 2019 and 2018. The total principal and interest remaining to be paid on the bonds is $8,471.

6. PARKING FACILITY LEASES

The Authority and the City have entered into two operating leases, which relate to the construction and financing of the Civic Center Parking Facilities. All leases are for a period sufficient to retire the long-term financing of the Facilities. Lease payments from the Authority to the City are nominal.

The Lease Agreement with respect to the Underground Parking Facility also permits the Authority to release the Underground Parking Facility to the City upon the substitution of property satisfactory to the Authority which will yield equivalent revenues. The term of each of the Lease Agreements extends so long as there remains outstanding indebtedness secured by a pledge of revenues of the System.

The operating leases are:

Site Lease – Includes an area north of the existing Cox Business Center building upon which the Civic Center Parking Facilities have been constructed.

Underground Lot Lease – Includes the area underneath the Civic Center complex containing approximately 515 spaces. The lease also includes metered parking on the street level of the complex. Revenues derived from both areas are assigned to the Authority.

7. OPERATING AGREEMENTS

The Authority has entered into various operating agreements for the operations and maintenance of System parking facilities in accordance with the Bond Indenture. Pursuant to the operating agreements, the operator is responsible for submitting an annual budget and, if necessary any revisions thereto to the Authority, including among other things, adjustments to the current rate structure of charges for parking, subject in all events to the adoption and approval by the Authority. The agreements generally provide that the Authority will advance funds to the operator to pay operating costs on a monthly basis, based upon the budget. Included in the operating costs was a management fee of $62 and $64, for the years ended June 30, 2019 and 2018, respectively. The management fee is included in Contracting Services on the Statement of Revenues, Expenses and Changes in Net Position. A settlement is made annually when the actual expenses incurred by the operator are known. All revenues received from the parking facilities are deposited with the bond trustee.

7. OPERATING AGREEMENTS, continued

100 West Facility- Operated by American Parking, Inc. (“American”). Under this agreement, the Authority incurred costs of $541 and $489 for the years ended June 30, 2019 and 2018, respectively.

Main Street Parking Facility and retail areas- Operated by American. Under this agreement, the Authority incurred costs of $778 and $781 for the years ended June 30, 2019 and 2018, respectively.

Civic Center Parking Facilities- Operated by American. Under this agreement the Authority incurred costs of $650 and $676 for the years ended June 30, 2019 and 2018, respectively.

Boulder Parking Facility- Operated by American. Under this agreement the Authority incurred costs of $42 and $22 for the years ended June 30, 2019 and 2018, respectively.

North and South Parking Facilities- Operated by Central Parking Systems, Inc. (“Central”). Under this agreement, the Authority incurred costs of $1,355 and $1,446 for the years ended June 30, 2019 and 2018, respectively.

The Authority has an operating agreement with the Tulsa Performing Arts Center Trust (“TPACT”) wherein the Authority will manage a parking lot owned by TPACT. The Authority in turn has an operating agreement with Central to operate the TPACT parking lot. In exchange for its services, the Authority receives a management fee of $5 annually.

8. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City purchases commercial insurance for general liability and commercial property. The Authority is included in the City’s insurance policies and would be responsible for deductibles relating to specific claims pertaining to the Authority. There have been no significant reductions in insurance coverage during the year and there were no settlement amounts in excess of the insurance coverage in the current year or in the three prior years.

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars), continued

9. RELATED PARTY TRANSACTIONS

During the years ended June 30, the Authority conducted the following transactions with related parties.

	2019	2018
Contracting services, staff support from the City	$ 233	$ 221
Rental income from Tulsa Performing Arts Center Trust for management of parking lot	$ 5	$ 5
Payments from the City of Tulsa for employee and department parking	$ 94	$ 91
Payments from Tulsa Development Authority (tax increment financing district) for capital improvements	$ -	$ 147

10. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, *Leases*, effective for reporting periods beginning after December 15, 2019, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority's management has not yet determined the effect this statement will have on the Authority's financial statements.

PARKING SYSTEM – The system's parking facilities currently provide 6,270 parking spaces. The facilities and spaces are as follows:

Main Street Parking Facility (1,167 spaces)
Boulder Parking Facility (130 spaces)
Civic Center Parking Facility (1,395 spaces)
Underground Parking Facility (515 spaces)
Metered Spaces adjacent to the Civic Center (132 spaces)
South Garage (770 spaces)
North Garage (970 spaces)
100 West Facility (1,191 spaces)

DEBT SERVICE COVERAGE – The following table presents ten-years of debt service coverage under the Master Bond Indenture. Gross revenue of the System is defined by the terms of the Master Bond Indenture. Revenues derived outside of the System are excluded. The required minimum coverage is 1.00.

Year	Gross[1] Revenue	Direct Operating Expenses	Available for Debt Service	Principal[2]	Debt Service Interest	Total	Coverage
2019	$ 8,263	$ 3,764	4,499	1,910	281	2,191	2.05
2018	8,047	4,503	3,544	1,855	337	2,192	1.62
2017	7,492	3,609	3,883	1,790	392	2,182	1.78
2016	7,925	3,672	4,253	1,750	436	2,186	1.95
2015	7,169	3,934	3,235	1,715	471	2,186	1.48
2014	6,221	3,277	2,944	1,675	505	2,180	1.35
2013	6,394	3,966	2,428	-	277	277	8.78
2012	6,103	3,438	2,666	1,420	1,245	2,665	1.00
2011	5,860	3,580	2,281	1,375	905	2,280	1.00
2010	5,760	2,834	2,926	1,330	951	2,281	1.28

Note 1- Gross revenues as defined by the terms of the bond indenture. In 2011 $147 of revenue was derived from prior years' excess net revenues.

Note 2- In 2013 no principal payments were due based on the repayment schedule of the 2012 Refunding bonds.

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TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)

FINANCIAL REPORT
June 30, 2019

THE POWER OF BEING UNDERSTOOD
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TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
INDEX
June 30, 2019

Independent Auditor's Report

Board of Trustees
Tulsa Public Facilities Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund and the aggregate remaining fund information of the Tulsa Public Facilities Authority (Authority), a blended component unit of the City of Tulsa, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Operations of the BOK Center, as managed by SMG, or The Operations of the Cox Business Center, as managed by SMG, an agent operating these facilities as discussed in Note 16 to the financial statements, which are included within the financial statements of the Arena and Convention Center major enterprise fund. This activity represents 14% and 46%, respectively, of the total assets and total revenues of the Arena and Convention Center major enterprise fund, and 6% and 34%, respectively, of the total assets and total revenues of the business-type activities. Those statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for The Operations of the BOK Center, as managed by SMG, and The Operations of the Cox Business Center, as managed by SMG, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of the Authority, as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the year 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 that the Management's Discussion and Analysis, pension and other postemployment benefit schedules, as listed in the table of contents, 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Authority's basic financial statements. The combining schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining schedules are the responsibility of management and were derived from and relate 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 by us and other auditors. In our opinion this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information, as listed in the table of contents, 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.

RSM US LLP

Kansas City, Missouri
November 25, 2019

As management of the Tulsa Public Facilities Authority (the "Authority"), a blended component unit of the City of Tulsa (the "City"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page nine. All dollar amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent year by $188,382.

- The Authority's net position increased to $188,382 as of June 30, 2019 from $178,987 as of June 30, 2018.

- The Authority's liabilities increased by $111,209 as of June 30, 2019. Bonds payable was the primary driver with an increase of $106,475.

Overview of the Financial Statements

The Authority, a legally separate public trust, is reported by the City as a blended component unit. As such, the activities of the Authority are reported in various enterprise funds and internal service funds within the City's Comprehensive Annual Financial Report. The primary functions of the Authority are to issue revenue bonds, the proceeds of which may be loaned to the City or one of its component units and use bond proceeds to acquire, construct and ultimately lease governmental facilities to the City or one of its component units. The Authority also leases commercial office space to the City and private sector companies and manages the One Technology Center ("OTC"), the BOK Arena, and the Cox Business Convention Center facilities.

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements also include notes that explain in more detail some of the information in the financial statements.

Financial Statements

The Authority uses fund accounting in its financial statements to demonstrate compliance with finance related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority has one fund type, proprietary, and reports four enterprise funds. Enterprise funds are used to report functions presented as business-type activities.

The basic financial statements of the Authority report information using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Position includes all of the Authority's assets, liabilities and deferred outflows/inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the financial success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The third financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and changes in cash resulting from operating, investing, noncapital financing and capital financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the period.

Net Position

The Authority's net position increased to $188,382 at June 30, 2019, from $178,987 at June 30, 2018. The following table provides a summary of net position:

SUMMARY OF NET POSITION

	2019	2018	Dollar Change	Percent Change
Current assets	$ 67,291	$ 59,505	$ 7,786	13.1%
Capital assets, net	218,071	207,791	10,280	4.9%
Other assets	229,294	126,637	102,657	81.1%
Total assets	514,656	393,933	120,723	30.6%
Deferred outflow of resources	1,259	1,424	(165)	(11.6%)
Current liabilities	39,135	33,563	5,572	16.6%
Noncurrent liabilities	287,788	182,151	105,637	58.0%
Total liabilities	326,923	215,714	111,209	51.6%
Deferred inflow of resources	610	656	(46)	(7.0%)
Net investment in capital assets	163,262	151,252	12,010	7.9%
Restricted	3,720	3,577	143	4.0%
Unrestricted	21,400	24,158	(2,758)	(11.4%)
Net position	$ 188,382	$ 178,987	$ 9,395	5.2%

Current assets increased $7,786 primarily due to an increase in the advance to the City of $6,498, offset by a decrease in advance to related entity of $1,389. Capital assets increased $10,280 primarily due to capital improvements at the Cox Business Convention Center. Other assets increased $102,657 primarily as a result of an increase in restricted cash related to the proceeds of the Capital Improvements Revenue Bonds Series 2018. Total liabilities increased $111,209 primarily due to an increase in bonds payable of $106,475 from the issuance of the Capital Improvements Revenue Bonds Series 2018.

Net Position, continued

SUMMARY OF CHANGES IN NET POSITION

	2019	2018	Dollar Change	Percent Change
Operating revenues	$ 31,041	$ 30,189	$ 852	2.8%
Nonoperating revenues	3,273	3,052	221	7.2%
Total revenues	34,314	33,241	1,073	3.2%
Operating expenses	38,095	33,915	4,180	12.3%
Nonoperating expenses	2,370	3,469	(1,099)	(31.7%)
Total expenses	40,465	37,384	3,081	8.2%
Income before contributions	(6,151)	(4,143)	(2,008)	48.5%
Capital contributions	15,546	1,216	14,330	1178.5%
Change in net position	9,395	(2,927)	12,322	421.0%
Net position, beginning of year	178,987	181,914	(2,927)	(1.6%)
Net position, end of year	$ 188,382	$ 178,987	$ 9,395	5.2%

In 2019, the Authority's operating revenues increased $852 or 2.8% due primarily to increases of $2,195 and $912 in investment income and facilities revenue respectively, offset by a $2,480 decrease in lease revenue. The decrease in lease revenue is primarily due to a decrease in City lease payments correlated to a decrease in Authority debt service requirements resulting from refunding premium proceeds available for debt service.

Operating expenses increased $4,180 or 12.3%. The change was primarily caused by an increase in other services and charges at the BOK Center Arena and Cox Business Convention Center of $1,842. Nonoperating expenses decreased $1,099 or 31.7% due to the absence of 2018 bond issuance costs in the One Technology Center fund. Capital contributions from the City increased $14,330, or 1,178.5% primarily due to capital improvements at the Cox Business Convention Center.

Capital Assets

The Authority's investment in capital assets as of June 30, 2019, amounts to $218,071 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, parking garage, leasehold improvements and artwork. The large increase in construction in progress is due to the large construction projects at the BOK Arena and Cox Business Convention Center that began during the year.

CAPITAL ASSETS

	2019	2018	Dollar Change	Percent Change
Land	$ 16,465	$ 16,465	$ -	0.0%
Artwork	653	653	-	0.0%
Construction-in-progress	16,853	1,720	15,133	879.8%
Leasehold improvements	50,840	50,840	-	0.0%
Buildings	242,695	240,122	2,573	1.1%
Parking garage	3,521	3,521	-	0.0%
Equipment	37,919	35,736	2,183	6.1%
	368,946	349,057	19,889	5.7%
Less accumulated depreciation	(150,875)	(141,266)	(9,609)	6.8%
Capital assets, net	$ 218,071	$ 207,791	$ 10,280	4.9%

Noncurrent Liabilities

At year end, the Authority had debt outstanding of $294,280. The Authority's debt increased $106,475 during the year. The change is primarily a result of the issuance of the Series 2018 Capital Improvement Revenue Bonds. More detailed information about the Authority's debt is presented in Note 10.

OUTSTANDING DEBT

	2019	2018	Dollar Change	Percent Change
One Technology Center:				
Series 2012 Refunding	$ -	$ 2,400	$ (2,400)	(100.0%)
Series 2017A Refunding	34,185	34,185	-	0.0%
Series 2017B Refunding	25,465	25,465	-	0.0%
	59,650	62,050	(2,400)	
Arena and Convention:				
Series 2008	6,800	7,575	(775)	(10.2%)
Financing Funds:				
Series 2012	1,460	2,880	(1,420)	(49.3%)
Series 2017	108,270	115,300	(7,030)	(6.1%)
Series 2018	118,100	-	118,100	100.0%
	227,830	118,180	108,875	
Total debt	$ 294,280	$ 187,805	$ 106,475	56.7%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority's appointed officials considered many factors when setting the 2020 budget and fees charged for business-type activities. Lease revenues are governed by rates negotiated in long-term leases. Event revenues fluctuate as ticket prices vary by type of event at the BOK arena.

At the national level, unemployment declined to 3.7 percent at June 30, 2019. Unemployment in the City was 3.2 percent at the end of fiscal-year 2019 compared to 4.2 percent at the end of fiscal year 2018. The Authority continues to have consistent accounts receivable collections.

U.S. GDP grew 2.9% in calendar year 2018, and is expected to slow to 2.1% in 2019. In Tulsa, GDP in 2018 grew 6.9% due to growth in oil and gas and manufacturing.

The BOK Arena continues to maintain its status as one of the world's busiest concert arenas ranking 23rd in the United States and 47^{th} globally for Year-End 2018 Top 200 Venues awards.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES, continued

Office space vacancy rates in the City increased approximately 1.0% to 13.9% between July 2018 and the end of first quarter 2019. The commercial real estate leasing environment in Tulsa remained relatively stable over the course of the year because the non-energy parts of Tulsa's industry are faring better, continuing a demand for class A office space.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Tulsa, Office of the Controller, 175 East Second Street, Suite 1570, Tulsa, Oklahoma 74103.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF NET POSITION
June 30, 2019

(in thousands of dollars)

	One Technology Center	Arena and Convention	Financing-Advance Funding Sales Tax Projects	Nonmajor - Other Financing Fund	Business-Type Activities Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 7,848	$ 18,477	$ -	$ 7	$ 26,332
Cash and cash equivalents, restricted	1,497	11,385	7,511	1,483	21,876
Interest receivable	25	12	263	3	303
Accounts receivable, net	314	2,891	-	-	3,205
Capital lease receivable	746	-	-	-	746
Advance to related entity	-	-	-	12	12
Advance to City	-	-	13,538	-	13,538
Prepaid expenses	-	846	-	-	846
Inventory	-	433	-	-	433
	10,430	34,044	21,312	1,505	67,291
Noncurrent assets:					
Cash and cash equivalents, restricted	3,428	1,648	178,264	-	183,340
Advance to City	-	-	37,269	-	37,269
Capital lease receivable	8,685	-	-	-	8,685
Nondepreciable capital assets	3,164	26,307	-	4,500	33,971
Depreciable capital assets, net	32,266	151,834	-	-	184,100
Total assets	$ 57,973	$ 213,833	$ 236,845	$ 6,005	$ 514,656
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	$ 1,082	$ -	$ -	$ -	1,082
Pension related items	172	-	-	-	172
Other postemployment benefit related items	5	-	-	-	5
Total deferred outflows of resources	$ 1,259	$ -	$ -	$ -	$ 1,259

(Continued)

The accompanying notes are an integral part of these financial statements.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF NET POSITION
June 30, 2019

(in thousands of dollars)

		One Technology Center		Arena and Convention		Financing-Advance Funding Sales Tax Projects		Nonmajor - Other Financing Fund		Business-Type Activities Total
LIABILITIES										
Current liabilities:										
Accounts payable and accrued expenses	$	1,085	$	3,859	$	-	$	-	$	4,944
Compensated absences		23		-		-		-		23
Unearned revenue		102		4,621		-		-		4,723
Advance ticket sales		-		9,268		-		-		9,268
Accrued bond interest payable		159		103		1,452		15		1,729
Current portion of revenue bonds		2,235		835		13,895		1,460		18,425
Current portion of unamortized premium		-		-		-		23		23
		3,604		18,686		15,347		1,498		39,135
Noncurrent liabilities:										
Unearned revenue		-		817		-		-		817
Revenue bonds payable, net of current portion		57,415		5,965		212,475		-		275,855
Unamortized premium		1,404		-		9,254		-		10,658
Unamortized discount		(418)		-		(231)		-		(649)
Net pension liability		1,065		-		-		-		1,065
Compensated absences		12		-		-		-		12
Total OPEB liability		30		-		-		-		30
		59,508		6,782		221,498		-		287,788
Total liabilities	$	63,112	$	25,468	$	236,845	$	1,498	$	326,923
DEFERRED INFLOWS OF RESOURCES										
Deferred gain on refunding	$	549	$	-	$	-	$	-	$	549
Pension related items		59		-		-		-		59
Other postemployment benefit related items		2		-		-		-		2
Total deferred inflows of resources	$	610	$	-	$	-	$	-	$	610
NET POSITION										
Net investment in capital assets		(14,189)		172,951		-		4,500		163,262
Restricted for:										
Debt service		1,345		-		-		-		1,345
Capital projects		2,375		-		-		-		2,375
Unrestricted		5,979		15,414		-		7		21,400
Total net position (deficit)	$	(4,490)	$	188,365	$	-	$	4,507	$	188,382

The accompanying notes are an integral part of these financial statements.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2019

	One Technology Center	Arena and Convention	Advance Funding Sales Tax Projects	Other Financing Fund	Business-Type Activities Total
Operating revenues:					
Lease revenue	$ 5,971	$ -	$ -	$ -	$ 5,971
Facilities revenue	-	16,842	-	-	16,842
Sponsorship and naming rights revenue	-	1,538	-	-	1,538
Parking facilities revenue	958	-	-	-	958
Investment income	-	-	3,059	36	3,095
Advance/loan interest income	-	-	2,473	15	2,488
Other	116	33	-	-	149
	7,045	18,413	5,532	51	31,041
Operating expenses:					
Personal services	1,045	-	-	-	1,045
Materials and supplies	193	1,077	-	-	1,270
Facility operator services	-	8,050	-	-	8,050
Services and charges	4,640	7,279	5	-	11,924
Bond issue costs	-	-	341	-	341
Interest and amortization expense	-	-	5,186	51	5,237
Depreciation	1,256	8,972	-	-	10,228
	7,134	25,378	5,532	51	38,095
Operating income (loss)	(89)	(6,965)	-	-	(7,054)
Nonoperating revenues (expenses):					
Investment income	808	75	-	-	883
Interest and amortization expense	(1,910)	(448)	-	-	(2,358)
Operating subsidy from the City	-	2,390	-	-	2,390
Loss on disposal of capital assets	-	(12)	-	-	(12)
	(1,102)	2,005	-	-	903
Income (loss) before contributions	(1,191)	(4,960)	-	-	(6,151)
Capital contributions to the City	-	(32)	-	-	(32)
Capital contributions from the City	218	15,360	-	-	15,578
	218	15,328	-	-	15,546
Change in net position	(973)	10,368	-	-	9,395
Net position (deficit), beginning of year	(3,517)	177,997	-	4,507	178,987
Net position (deficit), end of year	$ (4,490)	$ 188,365	$ -	$ 4,507	$ 188,382

The accompanying notes are an integral part of these financial statements.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF CASH FLOWS
Year Ended June 30, 2019

(in thousands of dollars)

	One Technology Center	Arena and Convention	Financing-Advance Funding Sales Tax Projects	Nonmajor - Other Financing Fund	Business-Type Activities Total
Cash flows from operating activities:					
Interest paid on revenue bonds	$ -	$ -	$ (5,715)	$ (118)	$ (5,833)
Receipts from customers	6,871	14,129	-	-	21,000
Investment income received	-	-	3,046	36	3,082
Investment sales	-	-	19,729	-	19,729
Payments to suppliers and service providers	(4,143)	(15,910)	(5)	-	(20,058)
Payments to employees for salaries and benefits	(918)	-	-	-	(918)
Payments for bond issuance costs	-	-	(341)	-	(341)
Payments to City	-	-	(47,599)	-	(47,599)
Payments from primary government	-	-	10,450	-	10,450
Payments from related entity	-	-	-	1,497	1,497
Principal paid on long-term debt	-	-	(7,030)	(1,420)	(8,450)
Net cash provided (used) by operating activities	1,810	(1,781)	(27,465)	(5)	(27,441)
Cash flows from noncapital financing activities:					
Advance payments from primary government	-	2,390	-	-	2,390
Proceeds from issuance of revenue bonds	-	-	118,100	-	118,100
Proceeds from revenue bond premium	-	-	7,830	-	7,830
Net cash provided by noncapital financing activities	-	2,390	125,930	-	128,320
Cash flows from capital and related financing activities:					
Acquisition of capital assets	-	(20,892)	-	-	(20,892)
Capital contributions from the City	218	15,360	-	-	15,578
Principal paid on revenue bonds	(2,400)	(775)	-	-	(3,175)
Interest paid on revenue bonds	(1,921)	(460)	-	-	(2,381)
Proceeds from sale of capital assets	-	6	-	-	6
Payments received for capital lease transaction	1,100	-	-	-	1,100
Net cash used by capital and related financing activities	$ (3,003)	$ (6,761)	$ -	$ -	$ (9,764)

The accompanying notes are an integral part of these financial statements.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF CASH FLOWS
Year Ended June 30, 2019

(in thousands of dollars)

	One Technology Center	Arena and Convention	Financing-Advance Funding Sales Tax Projects	Nonmajor - Other Financing Fund	Business-Type Activities Total
Cash flows from investing activities:					
Investment income	$ 362	$ 76	$ -	$ -	$ 438
Sale of investments	750	-	-	-	750
Net cash provided by investing activities	1,112	76	-	-	1,188
Net change in cash and cash equivalents	(81)	(6,076)	98,465	(5)	92,303
Cash and cash equivalents, beginning of year	12,854	37,586	87,310	1,495	139,245
Cash and cash equivalents, end of year	$ 12,773	$ 31,510	$ 185,775	$ 1,490	$ 231,548
Reconciliation of cash and cash equivalents to the Statement of Net Position					
Unrestricted cash and cash equivalents	$ 7,848	$ 18,477	$ -	$ 7	$ 26,332
Current restricted cash and cash equivalents	1,497	11,385	7,511	1,483	21,876
Noncurrent restricted cash and cash equivalents	3,428	1,648	178,264	-	183,340
Total cash and cash equivalents	$ 12,773	$ 31,510	$ 185,775	$ 1,490	$ 231,548
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ (89)	$ (6,965)	$ -	$ -	$ (7,054)
Adjustments:					
Depreciation	1,256	8,972	-	-	10,228
Change in accounts receivable and other assets	55	(1,179)	-	-	(1,124)
Change in deferred inflows of resources	(7)	-	-	-	(7)
Change in accounts payable and other liabilities	689	502	-	-	1,191
Change in net pension liability	178	-	-	-	178
Change in deferred outflows of resources	(43)	-	-	-	(43)
Change in deferred revenue	(229)	(3,111)	-	-	(3,340)
Change in financing assets	-	-	12,688	(1)	12,687
Change in financing liabilities	-	-	(530)	(1,487)	(2,017)
Change in advance	-	-	(39,623)	1,483	(38,140)
Net cash provided (used) by operating activities	$ 1,810	$ (1,781)	$ (27,465)	$ (5)	$ (27,441)
Noncash transactions:					
Appreciation of fair value of investments	$ 2	$ -	$ 162	$ -	$ 164
Purchase of capital assets in accounts payable	$ -	$ 315	$ -	$ -	$ 315

The accompanying notes are an integral part of these financial statements.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS AND REPORTING ENTITY - The Tulsa Public Facilities Authority (the "Authority") is a public trust created on March 10, 1981, as the Tulsa Civic Center Authority. On March 12, 1982, the Authority amended its Trust Indenture to change its name to the Tulsa Public Facilities Authority and expand its purposes to promote the acquisition, construction, and operation of various facilities and public improvements in and for the City of Tulsa, Oklahoma (the "City"). The Authority serves as a financing authority for the City as well as an enterprise authority for the operation of the One Technology Center ("OTC"), and the BOK Arena and Cox Business Convention Center facilities.

The OTC was acquired to consolidate City operations previously located in several locations in or near the central business district in downtown Tulsa and contains approximately 630,000 square feet of commercial office space. Approximately 153,000 square feet of the space is leased under a capital lease to a tenant. Of the remaining 477,000 square feet of space, 259,000 square feet is leased by the City and the remaining is available for leasing to private businesses.

The Cox Business Convention Center, opened in 1964, is an award winning venue that houses an exhibit hall and ballroom.

The BOK Arena was constructed as part of Vision 2025, a project to grow economic and community infrastructure for future generations. The BOK Arena is a 19,199 seat state-of-the-art sports and entertainment venue.

The Authority is included in the City's comprehensive annual financial report ("CAFR") as a blended component unit. The five trustees of the Authority are the Mayor and four individuals appointed by the Mayor and confirmed by the City Council. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its primary purposes are to issue revenue bonds to finance major capital improvements and manage certain properties on behalf of the City. The Advance Funding Sales Tax Projects Fund is reported by the City as a capital projects fund because it issued debt to finance governmental capital projects. Other financing activities of the Authority are included as an internal service fund and enterprise activities are included as enterprise funds.

BASIS OF ACCOUNTING - The financial statements of the Authority are prepared in accordance with generally accepted accounting principles ("GAAP") as applied to business type activities of government units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting.

The financial statements of the Authority have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

BASIS OF ACCOUNTING, continued

The Authority reports the following major enterprise funds:

The One Technology Center fund accounts for the commercial leasing activities of the One Technology Center building and parking garage in Tulsa, Oklahoma.

Arena and Convention Center Fund accounts for the operations of the BOK Arena and the Cox Business Convention Center; both are sports, entertainment, and convention facilities in downtown Tulsa.

Financing – Advance Funding Sales Tax Projects fund issues revenue bonds, proceeds of which are loaned to the City for the purpose of funding capital projects. The City will transfer to the Authority sales and use tax proceeds to fund debt service.

The Authority reports the following nonmajor fund:

Other Financing Fund - Capital Improvements Revenue Bond 2012 and Capital Improvements Revenue Bond - issues revenue bonds, the proceeds of which are loaned to the City or to one of its component units. Land is also held by the Capital Improvements Revenue Bond sub fund for possible development.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents reported on the statement of net position include both the amounts deposited within the City's pooled portfolio and other cash and cash equivalents.

The Authority's cash and cash equivalents included in the City's pooled portfolio are recorded at the net asset value of their position in the City's pooled portfolio. The Authority is allocated interest monthly based on its average daily position in the City's pooled portfolio. Changes in fair value of the City's pooled portfolio are allocated annually based on the Authority's position as of June 30.

For purposes of reporting cash flows, the Authority considers all highly liquid debt instruments with an original maturity of three months or less when purchased and any amounts held by the City's portfolio pool, to be cash equivalents.

The amounts held in the City's pooled portfolio are considered liquid as they are available to be withdrawn on demand, with no redemption restrictions.

INVESTMENTS –The Authority invests available funds in accordance with the bond indentures and/or state statutes, authorized investments consist of obligations of the U.S. Treasury and federal agencies and instrumentalities. The investments of the Authority are reported at fair value.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

FAIR VALUE MEASUREMENTS – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market based measurement, not an entity specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same - that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The Authority categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

Level 1 input – Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.

Level 2 input – Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 input – Inputs that are unobservable for the asset or liability which are typically based upon the Authority's own assumptions as there is little, if any, related market activity.

Hierarchy – The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Inputs – If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

RESTRICTED ASSETS – Restricted assets of the Authority are restricted under the terms of its bond indentures.

ACCOUNTS RECEIVABLE – Accounts receivable are stated net of an allowance for doubtful accounts. The allowance is determined by the length of time accounts receivable are past due and an analysis of the customer's ability to pay. Accounts receivable are written off when deemed uncollectible.

INVENTORY – Inventory, which consists of food and beverage items and other supplies, is stated at the lower of cost or market. Cost is determined by the first-in, first-out method.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

CAPITAL ASSETS - Capital assets purchased or acquired are carried at historical cost. Contributed assets are recorded at acquisition value as of the date of the contribution. Interest incurred during the construction phase of capital assets of enterprise activities is expensed in accordance with GASB Statement No. 89. The Authority owns artwork housed at the Cox Business Convention Center. The artwork is not depreciated because it meets all the following conditions:

- The artwork is held for public exhibition.
- The artwork is protected, kept unencumbered, cared for, and preserved.
- The artwork is subject to an organizational policy requiring that the proceeds from sales of artwork be used to acquire other artwork.

DEPRECIATION - Capital assets placed in service are depreciated on a straight-line basis over the following estimated service lives and have the following capitalization thresholds:

Buildings	30-50 years	\$5
Parking garage	30 years	\$5
Leasehold improvements	24 years	\$5
Equipment	3-20 years	\$5
Land and artwork	Not depreciated	\$5

UNEARNED REVENUE – Unearned revenues for the BOK Arena and Cox Business Convention Center are comprised of arena naming rights, sponsorships, advertising and event deposits and are recognized on a straight line basis over the life of the agreement, generally three to ten years or at the completion of the event. Unearned revenues for the OTC are related to leases. The related revenues are recognized in the period earned.

ADVANCE TICKET SALES – A liability is recorded for advance ticket sales to be paid to the promoter at the end of an event. These funds are deposited in an escrow account until the event occurs.

UNAMORTIZED PREMIUMS AND DISCOUNTS– Original issue premiums and discounts on the Authority's revenue bonds are amortized over the lives of the bonds using the effective interest method.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

COMPENSATED ABSENCES – Vacation and sick leave is granted to all regular and part-time employees. The annual amount of vacation time accrued varies from 14 to 26 days depending upon years of service. The maximum amount of vacation time that may be accumulated is twice the amount which may be earned in one calendar year. Accumulated vacation leave vests and the Authority is obligated to make payment even if the employee terminates. Accumulated sick leave is not paid out to employees upon separation, if separation occurs before retirement eligibility. Upon retirement the employee is eligible to receive a lump sum payout of one hour for every three hours accrued if the employee has at least 960 hours. The liability for sick leave consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive separation payments and other employees who are expected to become eligible in the future to receive such payments upon separation are included. The liability for compensated absences attributable to the Authority are charged to expense during the period earned and is probable of payout, and a corresponding liability is established.

PENSIONS – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement Plan (MERP) and additions to/deductions from MERP's fiduciary net position have been determined on the same basis as they are reported by MERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OTHER POSTEMPLOYMENT BENEFITS – Postemployment benefits (OPEB) are part of an exchange of salaries and benefits for employee services rendered. Of the total benefits offered by employers to attract and retain qualified employees, some benefits, including salaries and active-employee healthcare, are taken while the employees are in active service, whereas other benefits, including postemployment healthcare, are taken after the employees' services have ended. Nevertheless, the benefit constitutes compensation for employee services. The Authority accounts for other postemployment benefit costs on an accrual basis, charging expenses in the period incurred (earned by employees), with a corresponding liability for benefits to be paid in future periods.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES - Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be reported as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The Authority records deferred outflows of resources and deferred inflows of resources related to their participation in MERP and OPEB. Additionally, the Authority records deferred outflows/inflows related to deferred charges/gains on debt refunding transactions.

1. NATURE OF BUSINESS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

NET POSITION – Net position of the Authority represents the difference between assets and liabilities and deferred inflows/outflows. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Outstanding balances of borrowings are net of unspent bond proceeds, including bond reserve funds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or, laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Authority first applies restricted resources. Unrestricted net position is the difference between assets, liabilities and deferred inflow/outflows of resources that do not meet the definition of net investment in capital assets or restricted.

REVENUE AND EXPENSES – Operating revenues consist of commercial office space lease revenue, parking garage rental, sponsorship and naming rights revenues, facilities use fees for the BOK Arena and the Cox Business Convention Center, and investment income for financing funds. Long-term leases govern the rates charged for the commercial office space leased. Long-term agreements also govern the amount of revenue recognized by the BOK Arena as sponsorship and naming rights revenue.

Operating expenses consist of all costs incurred to administer the One Technology Center building and garage, the BOK Arena, the Cox Business Convention Center, including depreciation and amortization of capital assets, and interest costs for financing funds. All revenues and expenses not meeting these descriptions are considered non-operating revenues and expenses.

INCOME TAXES - The Authority is nontaxable as a political subdivision under Section 115(1) of the Internal Revenue Code, as amended.

USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. CASH DEPOSITS AND INVESTMENTS

CASH AND CASH EQUIVALENTS – Cash deposits of the Authority are held within the City's pooled portfolio. The City's pooled portfolio consists primarily of time deposits and other securities guaranteed by the United States Government or its agencies. At June 30, 2019 the Authority maintained a balance of $11,699 in the City's pooled portfolio which represented 1.35% of the City's pooled portfolio.

The City's pooled portfolio and Authority's separately held cash and cash equivalents are collateralized by securities held by the City or its agent in the City's name as of June 30, 2019.

Please refer to the City's CAFR for additional information on the City's pooled portfolio, including required disclosures of risks and fair value measurement techniques. A copy of the City's separately issued CAFR can be obtained at www.cityoftulsa.org.

As of June 30, 2019, the Authority has $26,019 of cash and cash equivalents separately held for the operations of the BOK Arena and Cox Business Convention Center.

INVESTMENTS – The Authority has money market accounts of $193,830 as of June 30, 2019 which are reported as cash equivalents on the statement of net position.

Interest Rate Risk –Interest rate risk is the risk that a change in interest rates will adversely affect the value of an investment.

The Authority's investment policy is established by bond indentures that provide for maturity of investments as bonds become due or as funds are needed to provide for construction payments.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority's bond indentures dictate the types of investments that can be purchased thereby reducing credit risk.

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

2. CASH DEPOSITS AND INVESTMENTS, continued

Custodial Credit Risk – For deposits with financial institutions, custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, 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 investment or collateral securities that are in the possession of an outside party.

The Authority's policy for custodial credit risk requires compliance with provisions of state law and demand deposits be collateralized by at least 110% of the amount not federally insured. The Authority's deposits held separately for the operations of the BOK Arena and Cox Business Convention Center are collateralized with a letter of credit from Federal Home Loan Bank. All safekeeping receipts for investment instruments are held in accounts in the Authority's name and all securities are registered in the Authority's name. Therefore, at June 30, 2019 none of the Authority's deposits and money market accounts of $219,849 were exposed to custodial credit risk.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested in any one issuer.

INVESTMENT INCOME – Investment income for the year ended June 30, 2019, consisted of:

INVESTMENT INCOME:	
Interest and dividend income	$ 3,872
Advance/loan interest income	2,488
Net increase in fair value of investments and cash equivalents	106
	$ 6,466

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

3. ACCOUNTS RECEIVABLE

The accounts receivable balance consists of amounts owed at year end for OTC leasing revenues and BOK Arena and Cox Business Convention Center event revenues.

	OTC	Arena and Convention	Total
Accounts receivable:			
Lease revenue	$ 172	$ -	$ 172
Parking facility revenue	114	-	114
Event revenue	-	2,492	2,492
Sponsorship revenue	-	410	410
Miscellaneous revenue	29	-	29
Total	315	2,902	3,217
Less: Allowance for doubtful accounts	(1)	(11)	(12)
Accounts Receivable, net	$ 314	$ 2,891	$ 3,205

4. ADVANCES TO THE CITY AND RELATED ENTITY

ADVANCE FUNDING SALES TAX PROJECTS – In June 2017, the Authority issued its $115,300 Series 2017 Capital Improvements Revenue Bonds. The proceeds of the bonds were loaned to the City to advance fund economic development projects in the City of Tulsa, including Arkansas River development. The bonds carry an interest rate of 3%, mature over a period of fifteen years ending June 1, 2032, and have annual debt service requirements ranging from $9,404 to $10,775. In October 2018, the Authority issued its $118,100 Series 2018 Capital Improvements Revenue Bonds. The proceeds of the bonds will be loaned to the City to advance fund economic development projects in the City. The bonds carry an interest rate of 4%, mature over a period of thirteen years ending October 1, 2031, and have annual debt service requirements ranging from $3,366 to $14,770.

The Authority has an advance to the City of $50,807 at June 30, 2019 relating to this agreement. The City will repay the advance with sales and use tax collections to be used by the Authority for principal and interest payments on the outstanding bonds.

OTHER FINANCING FUND – In April 2012, the Authority issued its $10,900 Series 2012 Capital Improvements Revenue Bonds. The proceeds of the bonds were loaned to the Tulsa Authority for Recovery of Energy (TARE), a component unit of the City, to fund the acquisition of trash carts and fund the Bond Reserve Fund. TARE receives revenues for the collection of residential solid waste which will provide funds to pay the debt service on the bonds. The Authority has an advance to TARE (related entity) of $12 at June 30, 2019 relating to this financing agreement.

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

5. CAPITAL LEASE RECEIVABLE

On August 28, 2013, the Authority entered into an amended lease agreement (agreement) with a tenant of OTC effective July 1, 2013 for 143,242 square feet of commercial office space at OTC. The agreement extends the term of the lease to June 30, 2029 and annual lease payments will be $2,207. The tenant assigned the lease to an affiliated company. $1,200 of the annual lease payment will remain unchanged throughout the term of the lease. The remainder of the annual lease payments will be apportioned to operating expense reimbursement. The affiliated company will have the option to purchase the occupied space for one dollar at June 30, 2029. The Authority accounts for the lease agreement as a capital lease.

Minimum future rentals on noncancelable capital leases as of June 30, 2019 are as follows:

Year	Principal	Interest	Debt Subtotal	Operating Costs	Total
2020	746	454	1,200	1,007	2,207
2021	784	416	1,200	1,007	2,207
2022	824	376	1,200	1,007	2,207
2023	866	334	1,200	1,007	2,207
2024	911	289	1,200	1,007	2,207
2025-2029	5,300	700	6,000	5,035	11,035
	$ 9,431	$ 2,569	$ 12,000	$ 10,070	$ 22,070

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is as follows:

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 16,465	$ -	$ -	$ 16,465
Artwork	653	-	-	653
Construction in progress	1,720	15,700	(567)	16,853
Total capital assets not being depreciated	18,838	15,700	(567)	33,971
Capital assets, being depreciated:				
Leasehold improvements	50,840		-	50,840
Buildings	240,122	2,049	524	242,695
Parking garage	3,521	-	-	3,521
Equipment	35,736	2,808	(625)	37,919
Total capital assets being depreciated	330,219	4,857	(101)	334,975
Less accumulated depreciation:				
Leasehold improvements	(18,355)	(2,034)	-	(20,389)
Buildings	(89,431)	(6,821)	-	(96,252)
Parking garage	(1,270)	(117)	-	(1,387)
Equipment	(32,210)	(1,256)	619	(32,847)
Total accumulated depreciation	(141,266)	(10,228)	619	(150,875)
Total capital assets being depreciated, net	188,953	(5,371)	518	184,100
Capital assets, net	$ 207,791	$ 10,329	$ (49)	$ 218,071

7. PENSION PLAN

Plan Description – Employees of the Authority are provided with pensions through the Municipal Employees' Retirement Plan (MERP) - a cost-sharing multiple-employer defined benefit pension plan administered by the City. MERP provides retirement, disability and death benefits which are established by City ordinance to plan members and beneficiaries. MERP's financial statements and required supplementary information are included in the City's CAFR. The report may be obtained by writing to the City of Tulsa, Office of the Controller, 175 East Second Street, Suite 1570, Tulsa, Oklahoma 74103, or at www.cityoftulsa.org.

7. PENSION PLAN, continued

Benefits Provided – MERP provides retirement, disability, and death benefits. Retirement benefits are determined based on the employee's highest 30 months of pensionable wages during the last five years of service and a multiplier based on the years of service. Employees entering the plan prior to July 1, 2018 are eligible for full retirement at age 65, and at least 5 years of service, or when the years of service plus the employee's age equals or exceeds 80. Reduced benefits are available after age 55 and 5 years of service (Early retirement). Benefits for Early retirement are reduced 2.5% per year prior to age 65. Employees entering the plan on or after July 1, 2018 are eligible for full retirement at age 65, and at least 5 years of service, or when the years of service plus the employee's age equals or exceeds 90. Reduced benefits are available after age 60 and 5 years of service (Early retirement). Benefits for Early retirement are reduced 6.0 percent per year prior to age 65. Five years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as normal retirement. Death benefits for vested participants are, at the spouse's election, a refund of contribution plus interest or a life annuity of 50 percent of the member's accrued benefit determined based on final average earnings and service as of the date of death.

Contributions – Contributions are set per City ordinance. Employees were required to contribute 6.5 percent of their pensionable wages for the year ended June 30, 2019. The Authority was required to contribute 15.5 percent of pensionable wages for the year ended June 30, 2019. Actual contributions to the pension plan from the Authority were $87 for the year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Authority reported a liability of $1,065 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. Standard update procedures were used to roll forward the total pension liability to June 30, 2019. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2019, the Authority's proportion was .4537 percent, which was an increase of .0018 percent from its proportion measured as of June 30, 2018.

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

7. PENSION PLAN, continued

For the year ended June 30, 2019, the Authority recognized pension expense of $214. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual plan experience	$ 5	$ 36
Changes of assumptions	124	-
Net difference between projected and actual earnings on pension plan investments	32	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	11	23
Total	$ 172	$ 59

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (gain) as follows:

Year ended June 30:	
2020	$ 60
2021	5
2022	31
2023	17
	$ 113

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

7. PENSION PLAN, continued

Actuarial assumptions – The total pension liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 11.25 percent, including inflation.
Investment rate of return	7.00 percent compounded annually, net of investment expense and including inflation

Mortality rates were based on RP-2014 Combined Healthy Mortality Tables with Blue Collar adjustments. Generational mortality improvements with Scale MP-2015 are from the table's base year of 2014.

Except for certain economic and demographic assumptions, the actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2015. For the January 1, 2019 valuation the inflation rate assumption was decreased from 3.00% to 2.50% with a corresponding decrease of 0.50% in the investment rate of return and the salary scale. In addition, the payroll growth assumption was decreased from 3.00% to 2.75%. Some adjustments were also made to retirement rates of Plan participants hired on or after July 1, 2018 to reflect differences in eligibility requirements for early and normal retirement as well as the early retirement reductions.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	24%	1.16%
Domestic equity	36%	6.19%
International equity	24%	6.59%
Real estate	8%	4.24%
Commodities	3%	0.95%
Timber	4%	4.15%
Cash	1%	0.11%
Total	100%	

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

7. PENSION PLAN, continued

Discount Rate – The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the participating employers will be made as specified in MERP's funding policy. Beginning July 1, 2017, and all future years, it is assumed that the employer contribution rate will be 15.50 percent of payroll, which is the actuarially determined contribution rate. Based on those assumptions, MERP's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate – The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Authority's proportionate share of the net pension liability	$ 1,450	$ 1,065	$ 744

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the City's CAFR; which can be located at www.cityoftulsa.org.

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

Plan Description – The Authority provides postemployment health care benefits for retired employees and their dependents through participation in the City of Tulsa Postretirement Medical Plan (the "Plan"), a cost-sharing multiple-employer defined benefit health care plan. The benefits, coverage levels, employee contributions, and employer contributions are governed by the City through its personnel and union contracts and are funded on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The plan does not issue a stand-alone financial report.

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Benefits Provided – All health care benefits are provided through the City's fully insured health plan. The benefit levels are the same as those offered to active employees. Benefits include general inpatient and outpatient medical services and prescriptions. General employees are eligible for membership in the plan if they retire from the City on or after age 55 with 5 years of service or with age and service totaling 80 points. Coverage ceases upon eligibility of the member (retiree or dependent) for Medicare. Coverage for dependents can continue upon the death of the retiree. Spouses of employees eligible for benefits and who die in active service can receive coverage.

Contributions – Contribution rates are set by the City. Retiree plan participants pay the entire amount of the premium charged by the insurer for coverage thus the City does not directly contribute to the Plan. Retiree and active employee participants are included in the same cost pool used to determine rates set by the insurer. An implicit subsidy results from this method of rate setting.

OPEB Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2019, the Authority reported a liability of $30 for its proportionate share of the OPEB liability. The total OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018. Standard update procedures were used to roll forward the total OPEB liability to June 30, 2019. The Authority's proportion of the total OPEB liability was based on the Authority's share of active employee participants relative to the active employees of all participating employers. At June 30, 2019, the Authority's proportion was 0.4857 percent.

For the year ended June 30, 2019 the Authority recognized OPEB expense of $1. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual plan experience	$ 4	$ 1
Changes of assumptions	1	1
Total	$ 5	$ 2

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Authority's OPEB expense over the average remaining service lives of plan participant (actives and retirees) as follows:

Year		
2020	$	1
2021		1
2022		1
	$	3

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.00 to 11.75 percent, including 3.0% inflation and 1.0% productivity
Healthcare cost trend rate	8.5% for 2019, decreasing by 0.5 % annually to an ultimate rate of 5%

Thirty-five percent of future retirees with coverage are assumed to elect healthcare coverage.

Mortality rates were based on RPH-2017 Total Dataset Mortality fully generational using Scale 2017.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2015, with the exception of the healthcare election rate which was based on an experience study from June 30, 2010 through 2016.

Discount Rate – The OPEB plan is financed on a pay-as-you-go basis, thus a long-term rate of return was not used. The discount rate used to measure the total OPEB liability was 3.87 and 3.51 percent as of June 30, 2018 and 2019, respectively based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The source of the discount rate used is the Bond Buyer 20-Bond GO Index.

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Sensitivity of the Authority's proportionate share of the total OPEB liability to changes in the discount rate – The following presents the Authority's proportionate share of the total OPEB liability calculated using the discount rate of 3.51 percent, as well as what the Authority's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.51 percent) or 1-percentage-point higher (4.51 percent) than the current rate:

	1% Decrease (2.51%)	Current Discount Rate (3.51%)	1% Increase (4.51%)
Authority's proportionate share of the total OPEB liability	$ 32	$ 30	$ 28

Sensitivity of the Authority's proportionate share of the total OPEB liability to changes in the healthcare cost trend rate – The following presents the Authority's proportionate share of the total OPEB liability calculated using the healthcare cost trend rate of 8.5 percent decreasing to 5.0 percent, as well as what the Authority's proportionate share of the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (7.5 percent) or 1-percentage-point higher (9.5 percent) than the current rate:

	1% Decrease (7.5% decreasing to 4.0%)	Current Rate (8.5% decreasing to 5.0%)	1% Increase (9.5% decreasing to 6.0%)
Authority's proportionate share of the total OPEB liability	$ 27	$ 30	$ 33

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

9. UNEARNED REVENUE

The Authority had the following unearned revenues at June 30, 2019:

	Total	Current	Noncurrent
Arena and Convention - event deposits	$ 134	$ 134	$ -
Arena and Convention - naming rights, advertising, and sponsorships	5,304	4,487	817
One Technology Center - lease revenues	102	102	-
	$ 5,540	$ 4,723	$ 817

10. REVENUE BONDS PAYABLE

Revenue bonds payable activity for the year ended June 30, 2019 is as follows:

Bond, Series, Maturity Dates	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
One Technology Center:							
Capital Improvements Revenue Refunding Series 2012, 2019	9,480	1.25%	$ 2,400	$ -	$ (2,400)	$ -	$ -
Lease Revenue Refunding Series 2017A, 2038	34,185	3.125%-4.00%	34,185	-	-	34,185	-
Lease Revenue, Refunding Series 2017B, 2029	25,465	3.00%-3.10%	25,465	-	-	25,465	2,235
			62,050	-	(2,400)	59,650	2,235
Arena and Convention:							
Capital Improvements, Series 2008, 2027	16,000	6.069%	7,575	-	(775)	6,800	835
Financing- Advanced Funding Sales Tax Projects:							
Capital Improvements, Series 2017, 2032	115,300	3.00%	115,300	-	(7,030)	108,270	7,150
Capital Improvements, Series 2018, 2031	118,100	4.00%	-	118,100	-	118,100	6,745
			115,300	118,100	(7,030)	226,370	13,895
Financing- Other:							
Capital Improvements, Series 2012, 2020	10,900	4.00%	2,880	-	(1,420)	1,460	1,460
Unamortized premiums			4,809	7,830	(1,958)	10,681	23
Unamortized discounts			(682)	-	33	(649)	-
			$ 191,932	$ 125,930	$(13,550)	$304,312	$ 18,448

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

10. REVENUE BONDS PAYABLE, continued

COLLATERAL - The Lease Revenue Refunding Series 2017A and 2017B Bonds are collateralized by the Authority's interest in the One Technology Center and the One Technology Center Garage and all other rights, title and interest of the Authority under the lease agreement between the City and the Authority, including gross revenues and payments from the City.

SUBSEQUENT MATURITIES - Principal and interest payments in subsequent years are as follows:

	Principal	Interest	Total
2020	$ 18,425	$ 10,180	$ 28,605
2021	16,720	9,529	26,249
2022	16,015	8,956	24,971
2023	17,900	8,357	26,257
2024	19,985	7,679	27,664
2025-2029	114,685	26,428	141,113
2030-2034	74,050	7,080	81,130
2035-2038	16,500	1,044	17,544
	$ 294,280	$ 79,253	$ 373,533

The Authority Lease Revenue Bonds and Capital Improvement Revenue Bonds are subject to acceleration if the Authority defaults.

11. OTHER LONG-TERM LIABILITIES

The changes in other long-term liabilities for the year ended June 30, 2019 are summarized as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Other long-term liabilities:					
Compensated absences	$ 34	$ 54	$ 53	$ 35	$ 23
Net pension liability	887	178	-	1,065	-
Total OPEB liability	30	-	-	30	-
Total other long-term liabilities	$ 951	$ 232	$ 53	$ 1,130	$ 23

12. PLEDGED REVENUE

ONE TECHNOLOGY CENTER LEASE REVENUE- The Authority has pledged future gross lease revenues derived from the operations of One Technology Center to repay outstanding lease revenue bonds. Proceeds from the bonds provided financing for the acquisition and improvements of One Technology Center.

Total principal and interest remaining on the debt is $80,172 with annual requirements ranging from $4,066 to $4,413 through 2038. Annual debt service required 61% of gross revenues. Principal and interest paid amounted to $4,321. Current year lease revenue totaled $5,971.

CAPITAL IMPROVEMENTS SERIES 2008 - In April 2008, the Authority issued $16,000 Series 2008 Capital Improvements Revenue Bonds. The proceeds of the bonds were used to fund the acquisition, construction, furnishing and equipping of capital improvements and additions to the BOK Arena and to fund the Bond Reserve Fund in the amount of ten percent of the par amount of the bonds (the “Reserve Requirement”) and to pay the costs of issuing the Bonds. The Authority and the City entered into a year to year Projects Agreement, dated as of April 1, 2008 (the "Projects Agreement"), pursuant to which the Authority will issue the bonds and the City has agreed to make payments pursuant to the Projects Agreement sufficient to pay (a) the principal of and interest on the bonds; and (b) all costs and expenses of the Authority in connection with the issuance, sale and delivery of the bonds.

Total principal and interest remaining on the debt is $8,727 with annual requirements ranging from $674 to $1,771 through 2027. Annual debt service required 81% of sponsorship and naming right revenues which are pledged towards the debt under the indenture. The Authority paid $1,235 in principal and interest during the year. Sponsorship and naming rights revenue, from which the payments will be made, was $1,538 for the current year.

ADVANCE FUNDING SALES TAX PROJECTS - The Authority has entered into a projects agreement with the City to provide financing for certain capital projects and subsequently issued its Capital Improvement Revenue Bonds, Series 2017 and 2018. The City has pledged certain sales and use tax revenues to repay the advance from the Authority. The total principal and interest remaining on the debt is $283,116 with annual debt service requirements ranging from $12,770 to $24,891 through 2032. Principal and interest paid during the year amounted to $12,745. Sales and use tax recorded during fiscal year 2019 by the City was $29,997.

12. PLEDGED REVENUE, continued

CAPITAL IMPROVEMENTS SERIES 2012 - In April 2012, the Authority issued $10,900 Series 2012 Capital Improvements Revenue Bonds. The proceeds of the bonds were used to fund the acquisition of trash carts by the TARE, to fund the Bond Reserve Fund in the amount of ten percent of the par amount of the bonds (the "Reserve Requirement") and to pay the costs of issuing the Bonds.

The Authority entered into a projects agreement with the City and TARE, a component unit of the City. The projects agreement provides financing for the acquisition, furnishing, equipping, maintaining, storing, and delivering of trash carts and other capital improvements, equipment and facilities for use in the operations of TARE's system for solid waste management providing collection and disposal of collectible residential solid waste of the City. The bonds will be repaid by revenues received by TARE for the collection of residential solid waste. In the event TARE fails to make the required payments to the Authority, the City will be required to make the debt service payments, subject to certain conditions.

Total principal and interest remaining on the debt is $1,518 through 2020. Annual debt service required 6% of TARE refuse revenue, which is the pledged revenue towards the debt per the bond indenture. Principal and interest paid during the year amounted to $1,538. Solid waste collection and disposal revenue recorded by TARE was $26,723.

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

13. OPERATING LEASE REVENUE

ONE TECHNOLOGY CENTER LEASES - Commercial property lease revenues arise from the leasing of the Authority's commercial lease space at the OTC facility. Lease terms range from approximately one to five years. Approximately 55% of the net rentable space is available to external tenants. At year end, the building was approximately 91% occupied. Depreciation expense for leased property is provided primarily on the straight-line method over the estimated useful life of the leased property. Depreciation expense related to the OTC facility was $1,256 for the current year.

The gross amounts of capital assets subject to lease as of June 30, 2019 are as follows:

Building	$	38,580
Parking garage		3,521
Land		3,164
Equipment		5,806
Accumulated depreciation		(15,641)
Net investment in commercial property leases	$	35,430

Minimum future rentals on noncancelable operating leases as of June 30, 2019 are as follows:

Year		
2020	$	1,367
2021		1,746
2022		1,746
2023		1,754
2024		1,782
2025-2027		4,996
	$	13,391

The Authority leases approximately 45% of the OTC facility space to the City through an annual contract. The lease provides the City the option to extend the lease until the related OTC facility revenue bonds are paid.

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

14. BOK ARENA NAMING RIGHTS AND SPONSORSHIP AGREEMENTS

The Authority had $8,437 in naming rights and sponsorships agreements outstanding at June 30, 2019. During the year, the Authority recognized $1,538 in naming rights and sponsorship revenue. Any amounts received but not earned are reflected as unearned revenue on the statement of net position.

The future earnings to be recognized on these agreements are as follows:

Years	Future Earnings
2020	$ 1,386
2021	1,386
2022	1,386
2023	1,386
2024	833
2025-2029	2,644
	$ 9,021

15. FACILITIES REVENUE

The Authority has entered into various agreements for the use of luxury boxes and club seats through 2019. During the year, the Authority recognized $4,072 in luxury boxes and $1,201 in club seats, which is included in facility revenue. Any amounts received but not earned are reflected as unearned revenue on the statement of net position.

16. OPERATING AGREEMENTS

COX BUSINESS CONVENTION CENTER AND BOK CENTER LEASE AND PROJECT AGREEMENTS - The Authority has leased the Cox Business Convention Center and BOK Center (the "Facilities") from the City for 25 years, ending June 30, 2032 or such longer period as any indebtedness issued in connection with the Facilities is outstanding. The lease assists the Authority in making financing arrangements that benefit improvements at the Facilities. The Authority has also entered into a project agreement that makes available proceeds of the Hotel/Motel Tax necessary to pay principal and interest on certain Facility bonds and to operate and maintain the Facilities. During the year the Authority received $2,390 from the City's Hotel/Motel Tax to operate and maintain the Facilities.

COX BUSINESS CONVENTION CENTER AND BOK CENTER MANAGEMENT AGREEMENTS - In June 2013, the Authority and the City entered into an operating agreement with SMG. The agreement provides for the development and management services of the Facilities. The term of the original operating section of the agreement was July 1, 2013 through June 30, 2018. On June 28, 2018, the Authority voted to extend the agreement through June 30, 2023. The contract is subject to annual appropriations and may be terminated by any party.

Under the agreement, for the year ended June 30, 2019, SMG earned an annual base management fee of $150 for the Cox Business Convention Center and $150 for the BOK Center. SMG can also earn an annual incentive fee based on the operating results of both facilities compared to certain operating thresholds, as defined in the agreements. The operating thresholds, as defined in the agreements are gross revenue, attendance and net operating profits. If the benchmark is met for a threshold, SMG may receive an incentive fee equal to 33 1/3% of the management fee. The incentive fee may not exceed the management fee for the year. SMG earned $150 of incentive fee for the BOK Center and $150 for the Cox Business Convention Center for the year ended June 30, 2019.

17. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions and natural disasters. The City purchases commercial insurance for general liability and property damage as well as employee health and dental. The Authority is included in the City's insurance policies and would be responsible for deductibles relating to specific claims pertaining to the Authority. There have been no significant reductions in insurance coverage during the year and there were no settlement amounts in excess of the insurance coverage in the current year or in the three prior years.

The Authority also participates in the City's workers compensation self-insurance program. The City retains all risk of loss for workers' compensation claims.

NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)

18. GENERAL LITIGATION

The Authority is subject to claims and lawsuits that arise primarily in the course of ordinary business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits, if any, will not have a material adverse effect on the financial position, changes in financial position and cash flows of the Authority.

19. RELATED PARTY TRANSACTIONS

During the year ended, the Authority conducted the following transactions with related entities:

One Technology Center	
Capital contributions from the City for capital improvements	$ 218
Lease revenue from the City for leased space in OTC	$ 2,675
Arena and Convention	
Capital contributions from the City for capital improvements	$ 15,360
Operating subsidy from the City for the Cox Business Convention Center	$ 2,390
Financing - Advance Funding Sales Tax Projects	
Payments on the advance to the City for capital improvements	$ 10,450
Payments on behalf of City for bond financing included in advance	$ 47,599
Financing - Other	
Payments by TARE on advance receivable	$ 1,497

20. COMMITMENTS

As of June 30, 2019, the Authority had open commitments for construction projects of approximately $5,171.

22. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, *Leases*, will be effective for the Authority beginning with its year ending June 30, 2021. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 has the potential to have a significant impact on the Authority's financial statements.

23. SUBSEQUENT EVENT

On November 1, 2019, the Authority issued the Capital Improvement Revenue Bonds, Series 2019 in the amount of $113,895. Proceeds will be used to fund City capital projects. The 2019 bonds mature through 2025 and require annual principal payments and semiannual interest payments at a rate of 5%.

On August 22, 2019, the Authority authorized the issuance of an amount not to exceed $9,000 of Revenue Bonds. The proceeds of the bonds will be used to modernize certain leased capital assets of the City. A date has not yet been set for issuance.

(in thousands of dollars)

Municipal Employees' Retirement Plan
Schedule of Proportionate Share – For the current and prior five years

Year	Authority's proportion of net pension liability	Authority's proportionate share of net pension liability	Authority's covered payroll	Authority's proportionate share of net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of total pension liability
2019	0.4537%	$ 1,065	$ 563	189%	66.9%
2018	0.4519%	887	542	164%	70.6%
2017	0.4758%	940	574	164%	69.4%
2016	0.4662%	1,008	547	184%	65.6%
2015	0.4452%	558	491	114%	77.1%
2014	0.4212%	471	461	102%	79.3%

* Prior year information is not available.

Changes of assumptions: In 2016, amounts reported as changes of assumptions resulted primarily from changes in the mortality table and discount rate from 7.75% to 7.50%. In 2019 the inflation rate decreased from 3.00% to 2.50%, salary increases changed from 4.00%-11.75% to 3.50%-11.25%, and investment rate of return (and discount rate) decreased from 7.50% to 7.00%.

Municipal Employees' Retirement Plan
Schedule of Employer Contributions – Last eight years

Year	Contractually Required Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2019	$ 87	$ 87	$ -	$ 563	15.5%
2018	84	84	-	542	15.5%
2017	66	66	-	574	11.5%
2016	63	63	-	547	11.5%
2015	56	56	-	485	11.5%
2014	46	68	(22)	461	14.8%
2013	45	47	(2)	451	10.4%
2012	34	34	-	365	9.3%

* Prior year information is not available.

(in thousands of dollars)

Postemployment Benefits Other than Pensions Plan
Schedule of Proportionate Share - For the current and prior three years

Year	Authority's proportion of total OPEB liability	Authority's proportionate share of total OPEB liability	Authority's covered payroll	Authority's proportionate share of total OPEB liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of total OPEB liability
2019	0.4857%	$ 30	$ 519	5.7%	0.00%
2018	0.4822%	30	492	6.1%	0.00%
2017	0.4776%	27	500	5.4%	0.00%
2016	0.4796%	29	483	6.0%	0.00%

* Prior year information is not available.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2019	3.51%
2018	3.87%
2017	3.56%
2016	4.00%

Postemployment Benefits Other than Pensions Plan
Schedule of Employer Contributions - Last four years

Year	Contractually Required Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2019	$ 2	$ 2	$ -	519	0.43%
2018	1	1	-	492	0.20%
2017	6	6	-	500	1.18%
2016	4	4	-	483	0.79%

* Prior year information is not available.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
COMBINING SCHEDULE OF NET POSITION – OTHER FINANCING FUND
June 30, 2019

(in thousands of dollars)	Capital Improvements Revenue Bond 2012	Capital Improvements Revenue Bond	Other Financing Fund Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ -	$ 7	$ 7
Cash and cash equivalents, restricted	1,483	-	1,483
Interest receivable	3	-	3
Advance to related entity	12	-	12
	1,498	7	1,505
Noncurrent assets:			
Nondepreciable capital assets	-	4,500	4,500
Total assets	1,498	4,507	6,005
LIABILITIES			
Current liabilities:			
Accrued bond interest payable	15	-	15
Current portion of revenue bonds	1,460	-	1,460
Current portion of unamortized premium	23	-	23
Total liabilities	1,498	-	1,498
NET POSITION			
Net investment in capital assets	-	4,500	4,500
Unrestricted	-	7	7
Total net position	$ -	$ 4,507	$ 4,507

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – OTHER FINANCING FUND
Year Ended June 30, 2019

(in thousands of dollars)

	Capital Improvements Revenue Bond 2012	Capital Improvements Revenue Bond	Other Financing Fund Total
Operating revenues:			
Investment income	$ 36	$ -	$ 36
Advance/loan interest income	15	-	15
	51	-	51
Operating expenses:			
Interest and amortization expense	51	-	51
Change in net position	-	-	-
Net position, beginning of year	-	4,507	4,507
Net position, end of year	$ -	$ 4,507	$ 4,507

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
COMBINING SCHEDULE OF CASH FLOWS – OTHER FINANCING FUND
Year Ended June 30, 2019

(in thousands of dollars)	Capital Improvements Revenue Bond 2012	Capital Improvements Revenue Bond	Other Financing Fund Total
Cash flows from operating activities:			
Interest paid on revenue bonds	$ (118)	$ -	$ (118)
Investment income received	36	-	36
Payments from related entity	1,497	-	1,497
Principal paid on long-term debt	(1,420)	-	(1,420)
Net cash used by operating activities	(5)	-	(5)
Net change in cash and cash equivalents	(5)	-	(5)
Cash and cash equivalents, beginning of year	1,488	7	1,495
Cash and cash equivalents, end of year	$ 1,483	$ 7	$ 1,490
Reconciliation of cash and cash equivalents to the Statement of Net Position			
Current unrestricted cash and cash equivalents	$ -	$ 7	$ 7
Current restricted cash and cash equivalents	1,483	-	1,483
Total cash and cash equivalents	$ 1,483	$ 7	$ 1,490
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	$ -	$ -	$ -
Change in financing assets	(1)	-	(1)
Change in financing liabilities	(1,487)	-	(1,487)
Change in advances	1,483	-	1,483
Net cash used by operating activities	$ (5)	$ -	$ (5)

ONE TECHNOLOGY CENTER

Percentage of Occupied Units

Total occupied	17
Total vacant units	2
Total units	19
Percentage Occupied	89%

Percentage of Occupied Square Feet

Total Occupied Square Feet	572,026
Total Vacant Square Feet	54,566
Total Square Footage	626,592
Percentage Occupied	91%

Major Tenants and Square Feet

City of Tulsa	258,508
Level 3 Communications, LLP**	153,469
Magellan Midstream Partners, LP	96,259

**Space is included in Capital Lease

RSM

City of Tulsa, Oklahoma

Compliance Report
Year Ended June 30, 2019

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Contents

RSM US LLP

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*

Independent Auditor's Report

To the Honorable Mayor, City Council and
Audit Committee
City of Tulsa, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tulsa, Oklahoma (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2019. Our report includes a reference to other auditors who audited the financial statements of the Tulsa Industrial Authority, a discretely presented component unit of the City, and the Tulsa Stadium Trust, a blended component unit of the City, as described in our report on the City's financial statements. In addition, other auditors audited the Operations of the BOK Center, as managed by SMG, and the Operations of the Cox Business Center, as managed by SMG, which are included within the Arena and Convention Center major enterprise fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 a 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

City's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Kansas City, Missouri
December 19, 2019

RSM US LLP

Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Honorable Mayor, City Council and
Audit Committee
City of Tulsa, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the City of Tulsa, Oklahoma's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Scope

The City of Tulsa, Oklahoma's basic financial statements include the operations of the Tulsa Airports Improvement Trust (TAIT), Tulsa Development Authority (TDA) and Tulsa Industrial Authority (TIA), discretely presented component units, and Tulsa Stadium Trust (TST), a blended component unit. Our audit, described below, did not include the operations of TST or TIA because these component units engaged other auditors to perform their June 30, 2019 audit. Our audit, described below, did not include the operations of TDA because they were not required to have a separate audit in accordance with the Uniform Guidance as their federal expenditures for the year ending June 30, 2019 were less than $750,000. Our audit, described below, did not include the operations of TAIT because they issued a separate compliance report in accordance with the Uniform Guidance for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program
In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Other Matters
The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-002. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
We have audited the financial statements of the governmental activities, the business-type activities, aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 19, 2019, which contained unmodified opinions on those financial statements. Our audit report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements.

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

RSM US LLP

Kansas City, Missouri
December 19, 2019

CITY OF TULSA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures Federal	Amounts Provided to Subrecipients FYE June 30, 2019
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
Community Development Block Grants/Entitlement Grants Cluster	14.218	B-16-MC-40-0004 B-17-MC-40-0004 B-18-MC-40-0004	$ 6,090,378	$ 3,603,796
Emergency Solutions Grant Program	14.231	E-16-MC-40-0004 E-17-MC-40-0004 E-18-MC-40-0004	392,165	371,589
Home Investment Partnerships Program	14.239	M-15-MC-40-0202 M-16-MC-40-0202 M-17-MC-40-0202 M-18-MC-40-0202	1,427,702	1,140,517
Housing Opportunities for Persons with AIDS	14.241	OK-H17-F002 OK-H18-F002	444,712	435,346
Total U.S. Department of Housing and Urban Development			8,354,957	5,551,248
U.S. DEPARTMENT OF THE INTERIOR				
Pass-Through Oklahoma Historical Society				
Historic Preservation Fund Grants-In Aid	15.904	18-608	2,320	-
U.S. DEPARTMENT OF JUSTICE				
Pass-Through State District Attorney Council				
National Criminal History Improvement Program	16.554	N17-001	13,869	-
Crime Victim Assistance	16.575	2017-VOCA-TULSA-CI-095	26,332	-
Violence Against Women Formula Grants	16.588	2017-VAWA-Tulsa PD-00034	3,598	-
Violence Against Women Formula Grants	16.588	2017-VAWA-Tulsa PD-00035	26,904	-
Total Violence Against Women Formula Grants			30,502	-
Project Safe Neighborhoods (PSN)	16.609	PSNN18-001	5,543	-
Direct Programs:				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2017-WE-AX-0045	308,211	194,010
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DE-BX-K024	1,566	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0886	110,551	16,940
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0929	9,554	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0831	162,715	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0765	24,854	-
Total Edward Byrne Memorial Justice Assistance Grant Program			309,240	16,940
DNA Backlog Reduction Program	16.741	2016-DN-BX-0057	57,086	-
DNA Backlog Reduction Program	16.741	2017-DN-BX-0026	104,048	-
Total DNA Backlog Reduction Program			161,134	-
Pass-Through State District Attorney Council				
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	FSF17-005	3,350	-

(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures Federal	Amounts Provided to Subrecipients FYE June 30, 2019
Direct Programs:				
Innovations in Community-Based Crime Reduction	16.817	2016-AJ-BX-0007	190,217	-
2018 National Sexual Assault Kit Initiative	16.833	2018-AK-BX-0015	29,660	-
Equitable Sharing Program	16.922	OK0720500	436,322	-
Equitable Sharing Program	16.922	OK0721600	8,105	-
Total Equitable Sharing Program			444,427	-
Total U.S. Department of Justice			1,522,485	210,950
U.S. DEPARTMENT OF TRANSPORTATION				
Highway Planning and Construction Cluster				
Pass-Through Oklahoma Department of Transportation				
Highway Planning and Construction	20.205	STP-172A(335)IG	788,160	-
Highway Planning and Construction	20.205	SEC1934-172E(404)TI	480,222	-
Highway Planning and Construction	20.205	STP-172E(292)EH	590,490	-
Total Highway Planning and Construction Cluster			1,858,872	-
Federal Transit Cluster				
Direct Programs:				
Federal Transit Formula Grants	20.507	OK-95-X008-00	44,883	-
Federal Transit Formula Grants	20.507	OK-90-X117-00	24,919	-
Federal Transit Formula Grants	20.507	OK-2016-001-00	52,141	-
Federal Transit Formula Grants	20.507	OK-2016-016-00	108	-
Federal Transit Formula Grants	20.507	OK-2017-009-00	2,041,264	-
Federal Transit Formula Grants	20.507	OK-2017-025-00	433,007	-
Federal Transit Formula Grants	20.507	OK-2017-026-00	327,881	-
Federal Transit Formula Grants	20.507	OK-2018-007-00	221,468	-
Federal Transit Formula Grants	20.507	OK-2018-011-00	4,205,610	-
Total Federal Transit Cluster			7,351,281	-
Highway Safety Cluster				
Pass-Through State of Oklahoma Highway Safety Office				
State and Community Highway Safety	20.600	SE-18-03-07-11	20,095	-
State and Community Highway Safety	20.600	SE-19-03-12-12	43,937	-
National Priority Safety Programs	20.616	F5-OT-18-03-07-11	3,742	-
Total Highway Safety Cluster			67,774	-
Total U.S. Department of Transportation			9,277,927	-

(Continued)

CITY OF TULSA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Current Year Expenditures Federal	Amounts Provided to Subrecipients FYE June 30, 2019
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Direct Programs:				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00F71001-0	333,501	-
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00F70901-0	8,790	-
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-01F48401-0	25,524	-
Total Brownfields Program			367,815	-
Total U.S. Environmental Protection Agency			367,815	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through The University of North Carolina at Chapel Hill				
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	5100907	6,000	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	5109559	11,323	-
Total Pass-Through UNC Chapel Hill			17,323	-
Pass-Through The Oklahoma Department of Mental Health				
SAMHSA Projects of Regional and National Significance	93.243	SP022127-01	8,413	-
Assisted Outpatient Treatment	93.997	1H79SM063532	85,000	-
				-
Total U.S. Department of Health and Human Services			110,736	-
U.S. DEPARTMENT OF HOMELAND SECURITY				
Pass-Through State of Oklahoma Dept. of Civil Emergency Management				
Hazard Mitigation Grant	97.039	FEMA-4247-DR-OK-14	112,469	-
Hazard Mitigation Grant	97.039	FEMA -4274-0007-OK	184,537	-
Hazard Mitigation Grant	97.039	FEMA -4256-0018-OK	193,375	-
Total Hazard Mitigation Grants			490,381	-
Direct Program:				
Assistance to Firefighters Grant	97.044	EMW-2016-FO-06195	364,255	-
Pass-Through State of Oklahoma Office of Homeland Security				
State Homeland Security Grant Program (SHSP)	97.067	860.011	52,254	-
State Homeland Security Grant Program (SHSP)	97.067	860.023	10,469	-
State Homeland Security Grant Program (SHSP)	97.067	860.055	7,499	-
State Homeland Security Grant Program (SHSP)	97.067	960.064	60,950	-
Total State Homeland Security Grant Program			131,172	-
Direct Program:				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	2015 SAFER	310,480	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	2016 SAFER	2,493,672	-
Total SAFER Grant Program			2,804,152	-
Total U.S. Department of Homeland Security			3,789,960	-
Total Federal Expenditures			$ 23,426,200	$ 5,762,198

See notes to schedule of expenditures of federal awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Tulsa, Oklahoma (the City) and some of the City's component units for the year ended June 30, 2019. The schedule of expenditures of federal awards does not include the federal grant activity of the Tulsa Development Authority, the Tulsa Airport Improvement Trust and the Tulsa Industrial Authority, discretely presented component units of the City, and the Tulsa Stadium Trust, a blended component unit of the City. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies are included in the schedule. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in the schedule may differ from the amounts presented in or used in the preparation of the basic financial statements.

Note 2. Significant Accounting Policies

The accompanying schedule of federal awards is presented on the accrual basis of accounting in the proprietary funds and the modified accrual basis of accounting in the governmental funds. Expenditures of federal awards are recognized in the accounting period in which the liability is incurred. Such expenditures are reported following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments,* or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The City elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

Identifying Number: 2018-001

Criteria: City personnel should reconcile all cash and investment accounts on a timely basis. These account balances are material to the financial statements, as well as the process of timely cash reconciliations serving as a key control over significant transactions cycles including cash disbursements and cash receipts.

Condition: City personnel were approximately six months delinquent on reconciling cash and investment accounts during fiscal year 2018, including the primary operating cash account.

Cause: The City implemented a new general ledger system during the current fiscal year, which caused significant delays in performing timely bank reconciliations.

Effect or potential effect: As of June 30, 2018, there was an unreconciled variance between the cash reconciliation and the financial statements of approximately $180,000. The potential effect is also the increased risk of material misstatement of the financial statements of misappropriation of cash.

Recommendation: We recommend City personnel perform procedures and controls in a timely manner so that cash and investment accounts are reconciled on a timely basis.

View of responsible officials: Management agrees with this finding.

Corrective Action Taken: During fiscal year 2019, the City focused efforts on reconciling cash and is now current with cash reconciliations and has remediated the deficiency of delinquent cash reconciliations identified in prior year audit. Further, all unlocated differences between the cash reconciliation and the financial statements were resolved and there were no unlocated differences as of June 30, 2019.

Identifying Number: 2018-002

Criteria: The Uniform Guidance stipulates that when a nonfederal entity enters into a contract or purchase order with an entity (vendor or subrecipient), the nonfederal entity must verify the entity is not suspended or debarred from participation in federal programs/grants when expending $25,000 or more in a year.

Finding: The City did not comply with the suspension and debarment requirement of the Uniform Guidance for the Oklahoma Water Resources Board (OWRB) Revolving Loan Grant Program, nor for the Edward Byrne Memorial Justice Assistance Grant (JAG) Grant Program. City personnel did not verify vendors were not suspended or debarred prior to providing them with federal funds.

Cause: City personnel do not have a process in place to verify suspension and debarment consistently for all types of contracts. City personnel have a process in place for construction contracts but had not considered contracts for all types of work being performed by third parties.

Effect or potential effect: The City is not in compliance with suspension and debarment requirements of the Uniform Guidance. The potential effect is submitting unallowable costs, or loss of federal funding.

Questioned costs: None

Context: Four of the seven vendors tested in both grant programs were not reviewed by City personnel for suspension or debarment. Subsequent testing verified that none of the vendors selected for review were suspended or debarred.

Repeat finding: Not a repeat finding.

Recommendation: We recommend City personnel follow procedures to determine whether vendors and subrecipients have been suspended or debarred prior to entering into contracts or purchase orders for all transactions, and maintain documentation supporting this verification.

View of responsible officials: Management agrees with this finding.

Corrective Action Taken: Effective August 1, 2019 for purchases of supplies, equipment, and services costing $25,000 or more, where Federal Grant Funding is used, Purchasing division staff of the City will obtain a SAM certification showing the company being recommended for award is not currently suspended or debarred.

City of Tulsa, Oklahoma

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	☐ Yes	☑ No
Significant deficiency(ies) identified?	☑ Yes	☐ None reported
Noncompliance material to financial statements noted?	☐ Yes	☑ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	☐ Yes	☑ No
Significant deficiency(ies) identified?	☐ Yes	☑ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200 516(a)?	☑ Yes	☐ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants
14.239	HOME Investment Partnerships Program

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee?	☑ Yes	☐ No

(Continued)

II. Financial Statement Findings

A. Internal Control

2019-001

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting which should be designed to prevent or detect and correct misstatements on a timely basis. In accordance with US GAAP, donated (contributed) capital assets should be reported at acquisition value at the date of contribution.

Condition: The City did not properly record donated infrastructure capital assets in the financial statements of the stormwater management fund. On an annual basis, the engineering department provides the finance department with the detailed listing of donated infrastructure capital assets received by the City from developers. An error was identified on one of the capital asset projects. Specifically, the acquisition value was overstated because the entire project cost had been capitalized by the City (including the improvements owned by the private developer), versus the correct value of the stormwater assets to be owned and maintained by the City.

Cause: City personnel did not have an adequate process in place to review the donated infrastructure assets for accuracy and properly report these capital contributions in the financial statements.

Effect or potential effect: An audit adjustment was proposed in the stormwater management fund to decrease capital assets and contributed revenue by approximately $1.9 million to correct this error.

Recommendation: We recommend City personnel implement the necessary procedures to ensure the acquisition value of capital asset contributions is properly determined and recorded in the financial statements.

View of responsible officials: Management agrees with this finding.

B. Compliance Findings

No matters to report.

III. Findings and Questioned Costs for Federal Awards

A. Internal Control

No matters to report.

B. Instances of Noncompliance

2019-002

U.S. Department of Justice
Edward Byrne Memorial Justice Assistance Grant Program (CFDA 16.738)
Federal Award Identification Number and Year: 2015-DE-BX-K024; 2015-DJ-BX-0886; 2016-DJ-BX-0929; 2017-DJ-BX-0831; and 2018-DJ-BX-0765

Criteria: The Uniform Guidance stipulates that when a nonfederal entity enters into a contract or purchase order with an entity (vendor or subrecipient), the nonfederal entity must verify the entity is not suspended or debarred from participation in federal programs/grants when expending $25,000 or more in a year.

Condition: The City did not comply with the suspension and debarment requirement of the Uniform Guidance for the Edward Byrne Memorial Justice Assistance Grant (JAG) Grant Program. City personnel did not verify vendors were not suspended or debarred prior to providing them with federal funds.

Cause: City personnel did not follow the process in place to verify suspension and debarment consistently for all types of contracts. City personnel have a process in place for construction contracts but had not considered contracts for all types of work being performed by third parties.

Effect or potential effect: The City is not in compliance with suspension and debarment requirements of the Uniform Guidance. The potential effect is submitting unallowable costs, or loss of federal funding.

Questioned costs: None

Context: Vendors were not reviewed by City personnel for suspension or debarment. Subsequent testing verified that none of the vendors selected for review were suspended or debarred.

Repeat finding: This was previously reported as finding 2018-002 in the Compliance Report for the year ended June 30, 2018.

Recommendation: We recommend City personnel follow procedures to determine whether vendors and subrecipients have been suspended or debarred prior to entering into contracts or purchase orders for all transactions, and maintain documentation supporting this verification.

View of responsible officials: Management agrees with this finding and effective August 1, 2019 has implemented procedures to search for System of Award Management Certificates for vendors working on federal grant funded projects.

RSM