



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF TULSA, OKLAHOMA | YEAR ENDED JUNE 30, 2012



CITY OF
Tulsa
A New Kind of Energy.

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

CITY OF TULSA, OKLAHOMA | YEAR ENDED JUNE 30, 2012

- MAYOR -

DEWEY F. BARTLETT JR.

- DIRECTOR OF FINANCE -

MICHAEL P. KIER, CPFO

- CONTROLLER -

DAVID W. BRYANT, CPA



ABOUT THE THEME

The artwork found in this year's Comprehensive Annual Financial Report pays homage to the wildlife and natural environments found in Tulsa and its surrounding areas. The rivers, lakes, prairies, and rolling hills of Green Country offer locals and out-of-state visitors access to a multitude of nature-related activities and experiences that cannot be found in other parts of Oklahoma. The unique combination of urban and natural environments fosters economic development opportunities for our city and region while maintaining the quality of life for residents and the area's natural inhabitants.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF TULSA, OKLAHOMA | YEAR ENDED JUNE 30, 2012

**CITY OF TULSA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year ended June 30, 2012**

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INTRODUCTORY SECTION



PRAIRIE WOLVES

- NATURE WORKS -

Annually, the NatureWorks Monuments Program has made it possible for NatureWorks to donate a heroic-sized, realistic bronze wildlife monument to the City of Tulsa.

Traditionally, NatureWorks erects a monument in the spring in honor of voluntary accomplishments made by an individual or group.



DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR OF FINANCE
OFFICE OF THE CONTROLLER
175 E. Second Street, Suite 885
Tulsa, Oklahoma 74103

November 29, 2012

Honorable Mayor,
City Auditor,
City Council and
Citizens of the City of Tulsa, Oklahoma

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Tulsa, Oklahoma (the City) for the year ended June 30, 2012. This report is published to provide citizens, elected officials and other readers with information concerning the financial position and activities of the City.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that management has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Under Oklahoma state law, municipalities are to publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the year ended June 30, 2012. To the best of our knowledge and belief, the enclosed report is accurate in all material respects and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. The accompanying disclosures are necessary to enable the reader to gain the maximum understanding of the City's financial affairs.

Independent Accountant's Report

The independent accountant's report is based upon the City's financial statements which were audited by the independent auditing firm of McGladrey, LLP. This report is presented as the first component of the financial section. The goal of the audit was to provide reasonable assurance that the City's financial statements for the year ended June 30, 2012 were free of material misstatements. In order to reach this goal, the independent audit involved examining, on a test basis, evidence supporting the amounts provided by management and the evaluation of the overall financial statements presentation. Based upon the audit of the City's basic financial statements, the independent firm concluded that there was a reasonable basis to render an unqualified opinion on the financial statements of each opinion unit that collectively comprise the City's basic financial statements. The City's financial statements, as referenced in the table of contents, for the year ended June 30, 2012 are fairly presented in conformity with General Accepted Accounting Principles (GAAP).

Management's Discussion and Analysis (MD&A)

Management's discussion and analysis immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

City Profile

The City encompasses an area of approximately 201.5 square miles located in northeastern Oklahoma, at the edge of the foothills of the Ozarks, along the Arkansas River. The northeastern part of Oklahoma is often called “Green Country” due to its wooded terrain in the rolling Ozark foothills. It has an elevation of 700 feet above sea level. The average daily temperature is 61 degrees and the average annual rainfall is 39 inches. With its temperate climate, the City experiences continually changing weather conditions during all four seasons of the year.

The City was incorporated as a municipality on January 8, 1898. With the discovery of oil in nearby Red Fork, Oklahoma in 1901, the City grew quickly, reaching a population of 7,298 by the time of statehood in 1907. Currently, Tulsa has a population of 396,466, representing a 1.1% increase over 2011, providing commerce, industrial, transportation and financial services for a metropolitan area of 956,000 people. The City is the hub and seat of Tulsa County as well as being the second largest city in Oklahoma.

The City operates under a Mayor - City Council form of government under a voter-approved amended charter. The Mayor is elected every four years, serves as the chief executive of the City and is responsible for city operations. The City Council, the legislative branch of the government, consists of nine members, elected every two years representing geographic districts. The City Auditor is elected every two years with responsibility for the City’s Internal Audit Department. Both the Mayor and City Auditor are elected at large.

Services

The City provides a full range of services, including police and fire protection, construction and maintenance of highways, streets, and other infrastructure, recreational activities and cultural events. The following services are provided through an array of legally separate entities:

| <u>Service</u> | <u>Entity</u> |
|--------------------------|--|
| Water and sanitary sewer | Tulsa Metropolitan Utility Authority |
| Refuse collection | Tulsa Authority for Recovery of Energy |
| Airport | Tulsa Airports Improvement Trust |
| Parking | Tulsa Parking Authority |
| Urban redevelopment | Tulsa Development Authority |
| Public transportation | Metropolitan Tulsa Transit Authority |
| Cultural activities | Tulsa Performing Arts Center Trust |
| Economic development | Tulsa Industrial Authority |
| Commercial leasing | Tulsa Public Facilities Authority |
| Arena and convention | Tulsa Public Facilities Authority |
| Sporting events venue | Tulsa Stadium Trust |

Vision, Mission and Values

Vision – Tulsa will continue to be a dynamic city of the past, present and future committed to being an ever-increasingly desirable community in which to live, work and play.

Mission Statement - As dedicated employees, diligently working to provide an exceptional quality of life with safe streets and neighborhoods, valued services and equal opportunity and access, we will serve Tulsa’s citizens by providing the best-managed municipal government.

Values – Planning, accountability, customer service, efficiency and a well-trained workforce.

Budgetary Controls

The City maintains a system of budgetary controls with the objective of assisting management in achieving compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund and the Sales Tax Fund, a capital projects fund, are included in the annual appropriated budget. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established by department and category of expenditures (personal services, materials and supplies, other services, and capital outlay) within an individual fund. Additionally, the City utilizes an encumbrance system as another technique to help maintain budgetary control. Encumbrances outstanding at year-end are carried forward and are added to the next year's appropriations.

Factors Affecting Economic Conditions

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

The Local Economy

Most indicators continued to improve in the Tulsa Metropolitan Statistical Area (TMSA) in 2012. After muted growth in 2011, the area population regained momentum, increasing 1.1% in 2012. Although population increased in 2012, the total labor force continued to fall. The annual metro labor force fell by 1,429 in 2012 (-0.3%), ending the current fiscal year with 428,706 job seekers. While labor force continued to decline, Wage & Salary employment reported its second consecutive year of growth, increasing 2.1% over 2011, and ended the fiscal year at 421,325. As employment has grown at a faster pace than labor force, the metro jobless rate fell again in 2012. The seasonally adjusted unemployment rate for the TMSA in 2012 was 5.4%, an improvement of 1.5 points from 2011 (6.9%). As there is some correlation between Wage & Salary employment and retail sales, it is not surprising to see that total retail sales in the TMSA rose 4% to \$9.35 billion in 2012. This is the third consecutive year of retail sales growth in the metro area. Meanwhile, sales tax revenue for the City of Tulsa increased 2.5% in 2011 and 9.7% in 2012, totaling \$219.2 million in 2012. About half of the 2012 increase was caused by a tax rate increase of 0.167% effective October, 2011. The Chamber of Tulsa has forecast retail sales to grow at an annualized rate of 4.8% in the coming two years, so it is likely sales tax revenue may increase at a similar rate over the same time.

The local construction and real estate economy continued to recover in 2012, specifically retail. Permit receipts for retail construction totaled \$26.45 million in 2012. This was an increase in excess of 200% over the previous year. However, 2011 was a particularly lackluster year for retail construction, reporting only \$8.22 million. Industrial permit receipts increased over the previous year, totaling \$7.04 million in 2012. This was a 14% increase over 2011, although still below totals reported in previous years. Office sector activity fell in 2012; decreasing 24% over 2011 and totaling \$9.17 million in 2012. One possible explanation for the decline in office construction may be the growing percentage of vacancy in office space. The amount of vacant office space has increased every year since 2009. In 2012 some 24% of all office space remained vacant. Over the same time, industrial vacancy increased 34.8%, with 12% of all industrial space remaining vacant in 2012. Only retail property vacancy rates have improved since 2009, decreasing from 15% to 13.9% in 2012. After five consecutive years of decline, residential construction in Tulsa increased in 2012. One hundred and seventy four residential construction permits were issued in 2012, an increase of 16% over the previous year. Although improving, residential construction still has much ground to recover in order to reach the 2006 high of 412 permits issued. Regarding existing homes, Moody's reported improvement in the value of existing homes in the TMSA. The average value increased 3% over the previous year to end 2012 at \$132,700. Moody's projects home values to remain flat in 2013 before resuming an annual growth of 3.8% through 2016.

Indicators within the local manufacturing and energy economy showed improvement in 2012. The Chamber of Tulsa reported gross metro product (GMP) for the area to have increased 3.3% over the previous year. This will be the second consecutive year of growth, when GMP increased 3.1% in 2011.

The Chamber forecasts GMP to continue to grow at an annualized rate of 3.8% through 2016. As the manufacturing sector is a large part of what makes up GMP, it is not surprising to see both air and barge freight have increased in 2012. After three years of decline, air freight increased 4.4% over 2011. Furthermore, total barge freight for the year, at the Port of Catoosa, is 40% higher than at this time last year. The Chamber also reports that the average manufacturing salary continued to increase in 2012, rising 1.4% over the 2011 weekly salary of \$795.10. This will have been the fourth consecutive year of salary growth. The Chamber forecasts weekly earnings in manufacturing to continue to grow at an annualized rate of 1.4% through 2016. Lastly, as the local area benefits from activity in the energy economy, it is encouraging that both rotary rig counts and West Texas Intermediate crude (WTI) Spot prices have continued to rise from their 2009 lows of 94 rigs and \$62 a barrel, respectively. The current total rig count for Oklahoma is 199 rigs, an increase of 14.4% over 2011. WTI crude ended 2012 at \$96.30 a barrel, an increase of 1.5% over the previous year, and is expected to increase in the coming year as well.

As demonstrated by the growth in employment, retail sales, GMP, and various energy related indicators; the local economy continues to improve and could soon regain most of the losses which occurred in the previous recession.

Long-term Financial Planning

The City of Tulsa utilizes three primary planning tools to assist policy makers in addressing near and long term operating and infrastructure challenges: the Five-Year Forecast, Enterprise Fund Rate Models and the Capital Improvements Plan (CIP).

Five-Year Forecast

The Annual Five-Year Forecast is prepared to provide policy makers with the most current information needed to make judgments about the major financial policy issues facing the City of Tulsa. It is not a detailed line-item spending plan, service delivery plan, or budget for the next five years, but an examination of how issues will affect Tulsa's financial condition. It has been designed to meet the following objectives:

1. Provide the Mayor and City Council with information about potential financial changes;
2. Provide an updated financial base by which different financing options can be judged; &
3. Provide elected officials information about the long-term impacts of current and anticipated financial policies.

As with any multi-year analysis, it is based on assumptions about the future. Of particular importance to a study of this type is the performance of the national and local economies, since tax revenues and demands for services are directly related to private economic activity.

Enterprise Fund Rate Models

Annually, the Tulsa Metropolitan Utility Authority (TMUA), the Tulsa Authority for Recovery of Energy (TARE), and the Stormwater Advisory Board produce five year forecasts of their operating and capital needs which establish the base upon which their rates are structured. These "rate models" incorporate revenue assumptions, debt service requirements and high priority capital projects as identified in infrastructure master plans. The results of this analysis are then incorporated into the City's Five-Year Forecast and the annual update of the Capital Improvements Plan (CIP).

Capital Improvements Plan (CIP)

In 1977, Tulsa's governing body adopted a Capital Improvement Plan (CIP) process which outlined a program to build, in an orderly manner, a large backlog of capital projects. Since then, the City has annually updated the five-year CIP schedule. Building on this tradition, the City updated the CIP

development process in 2010. The new policy requires departmental justification of expansion projects based on the projects potential return on investment (ROI), its potential leverage and linkages to other projects, and its contribution to the City's strategic initiatives. Additionally, all replacement and rehabilitation projects have been ranked and placed in tiers based on their contribution to public safety, asset preservation, and core service provision. Virtually all of the financing has been provided by four sources: General Obligation (GO) bonds, dedicated sales tax, user fees (pay as you go and a source to repay revenue bonds), and state and federal transfer payments. Local voters have continually validated this approach as 75 percent of all GO bond and sales tax proposals have been approved since the elected officials adopted the formal capital allocation process.

Together, the Third Penny Sales Tax, General Obligation Bond programs, user fees, revenue bonds, and intergovernmental revenue have financed well over \$3.0 billion in needed projects since 1980. In November of 2008, the City of Tulsa electorate approved a street improvement package totaling \$451.6 million. The program is comprised of \$285 million in General Obligation Bond proceeds and \$166.6 million in sales tax revenue which will be derived from the extension of the current third penny sales tax and a 0.167% increase. The program will fund 128 arterial and residential street projects across the City. The program's implementation began in June 2009 and to date the City has issued \$190 million of the \$285 million authorized by Tulsa voters. The final two issues will occur in 2013 and 2014.

Additionally, the City is wrapping up the implementation of the 2006 Sales Tax program and 2005 General Obligation bond program approved by voters. In total, these two programs have provided \$714 million to fund capital needs across the City. These programs have made substantial improvements to streets, sanitary sewers, flood control facilities, police, fire and public buildings.

The City has also benefited from the countywide \$535 million Vision 2025 sales tax capital program approved by voters in 2003. Local governments came together and agreed upon a package of projects designed to boost economic and community development, improve educational opportunities, and enhance business development and retention. Its center piece was a \$183 million multi-purpose arena, and a renovated convention center. The new BOK Center arena opened in September 2008, and the expanded Maxwell Convention Center is now complete.

Major Initiatives

Bridges of Faith/Mentoring

Faith-based organizations wish to partner with City officials to provide youth activities to the underserved.

Mobile Website

As part of communications and outreach, plans are to launch of the City of Tulsa's first mobile website.

Government Efficiencies

A worker's compensation cost and efficiency study was recently conducted with recommendations made to create a safety culture at the City of Tulsa. These efforts should reduce on-the-job and at-home injuries which impact costs in the City's worker's compensation system and healthcare benefits.

A Pension reform committee was created to review the City of Tulsa's pension program and recommend positive reforms that will ensure the City can meet its obligations and keep its promises to employees and retirees

A Fleet management study was conducted with the view to reduce the number of unnecessary vehicles, consolidate operations, move more of the fleet to CNG-powered vehicles, thereby reducing fleet costs.

Manufacturing Jobs

The goal for the current number 2 City of Tulsa is to become the number 1 city nationwide in energy manufacturing related employers and jobs, overtaking Houston, the current leader.

The City planners are working with the public and technical schools to provide skills training and actively recruit high school students to manufacturing careers. This will provide much needed workforce to keep the manufacturing industry strong and in Tulsa.

Entrepreneurship and Small Business

To make the City of Tulsa more business and developer friendly, staff are being tasked to make improvements in communications and processes.

Brownfields

Brownfields are typically abandoned industrial sites or buildings. The plan is for the redevelopment of brownfields into revenue generating activities by aggressively seeking federal grants for the clean-up.

Community Gardens

As part of the Mayor's health and fitness initiative, known as Get Lean Tulsa, Victoria Bartlett is leading the way to healthier communities. This goal will be met by cultivating urban gardens, educating citizens on growing fruits and vegetables, and encouraging lifestyle changes for healthy weight and active routines.

CNG Market Development

Compressed Natural Gas (CNG) is used in City truck and car fleets. A CNG station for public use that will "fuel" the market and provide more supply of CNG to motorists has opened. The goal is to encourage citizens, local agencies, and private corporations to convert or buy CNG vehicles. The result should create a demand for additional private suppliers.

Furthering Private-Public Partnerships with the City of Tulsa

The Tulsa Zoo is one example of private-public partnership that has worked very well – restoring the beauty and greatness to the Tulsa Zoo a day at a time. The Tulsa Zoo has made phenomenal progress with its aesthetics and maintenance since management was contracted with Tulsa Zoo Management Inc., a private, local company. Another example, the Gilcrease Museum, is attracting new exhibits and more student involvement now that it is under the management of the University of Tulsa. The City-owned golf courses are under private management with Billy Caspar Golf and, now that all of the greens have been replaced, seeing increases in the number of rounds being played.

Lights On

Street lights in areas of the city where citizens have said they feel are too dark to move around on at night have been turned back on.

Demolishing Abandoned and Dilapidated Structures

City leader have made the commitment to demolition of dilapidated structures an annual priority in the City budget. The City also partners with other entities such as Tulsa County to fund and remove nuisance properties.

Energy

The Mayor hired an Oil and Gas Consultant and Industry expert to lead the City down the path to new kinds of energy and well as strengthening the existing energy industry.

Downtown Parking

The parking meter system has been expanded to enhance economic development and improve the customer service experience.

City Hall in Your Neighborhood

A series of nine town hall-style meetings where citizens could meet and discuss issues, ask questions and find out more about their own neighborhoods through dialogue with the Mayor, City Councilors and City Department leaders have been held. The effort was successful in attracting hundreds of people to each District meeting and the format will be continued in 2013, centering around citywide issues as well as neighborhood needs.

Economic Development

The following represent the top eight initiatives the City is promoting:

Optimize the Arkansas River Corridor

One of Tulsa's greatest assets is the Arkansas River. Its presence represents an incredible opportunity for new development. It should play a vital role in improving tourism, boosting sales tax revenue, and creating a unique gathering place for Tulsans and people all across the region.

Grow the Energy Industry

The Energy Industry has long roots in Tulsa and great potential to grow. It is important to exploit Tulsa's existing reputation as a great energy city. The City plans to grow and attract new business in the energy industry, both in oil and natural gas, but also in alternative energies.

Develop Corridors and Main Street Programs

Tulsa is rife with infill development opportunities along our existing corridors. On both the major arterials and smaller sub-arterials, Tulsa has incredible infrastructure in place for revitalization and new development. Efficient development capitalizes on existing infrastructure, rather than relying on new roads and infrastructure to be built to accommodate new development.

Invest in Under-Utilized Areas

While parts of Tulsa have seen a tremendous amount of investment over the years, there are areas of town that have struggled to receive attention. The Mayor and the council agree that a new focus should be placed on areas of town where economic development has been minimal. Areas to the north, east and west are in the highest need of attention.

Develop Local Businesses

Developing our own businesses is critical to the long-term viability of Tulsa. There is an opportunity to be a leader in entrepreneurship and innovation and should work to keep talent in Tulsa.

Promote Tourism

Tulsa has an opportunity to capitalize on its existing assets, especially for the purpose of attracting visitors. The River, Route 66, Downtown Tulsa, and Tulsa's shopping districts and hotel network all play a vital role in attracting visitors to stay and spend their dollars in Tulsa.

Create a “Services Contract” with the Community

The City of Tulsa has an opportunity to establish some ground rules for how its actions impact the city and citizens. The business community, both current and prospective, will benefit from a commitment from Development Services to better accommodate new business development.

Implement PLANiTULSA

Tulsa has undergone a historic process of creating a new master plan. It is important to continue the implementation of PLANiTULSA to make Tulsa government-friendly for businesses.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tulsa for its comprehensive annual financial report for the year ended June 30, 2011. This was the thirtieth consecutive year that the City of Tulsa has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the full support and involvement of all City departments. In particular, the Budget and Planning Division provided information and analyses on economic trends and conditions, and the Treasury Division provided investment and cash management information. We express our appreciation to those staff members of the Accounting Division and McGladrey, LLP, who worked many hours to ensure the accuracy and timeliness of this report. In addition, we express our appreciation to Mayor Bartlett, the City Council and the City Auditor for their interest and support for maintaining the highest standards of professionalism in the management of the City’s finances.

Respectfully submitted,



David W. Bryant, CPA
Controller



Michael P. Kier, CPFO
Director of Finance

**CITY OF TULSA
LIST OF PRINCIPAL OFFICIALS**

MAYOR

Dewey F. Bartlett, Jr.

CITY COUNCIL MEMBERS

| | |
|--------------------------|------------|
| Jack R. Henderson | District 1 |
| Jeannie Cue..... | District 2 |
| David Patrick..... | District 3 |
| Blake Ewing | District 4 |
| Karen Gilbert..... | District 5 |
| Byron "Skip" Steele..... | District 6 |
| Thomas Mansur | District 7 |
| Phil Lakin, Jr | District 8 |
| G.T. Bynum..... | District 9 |

CITY AUDITOR

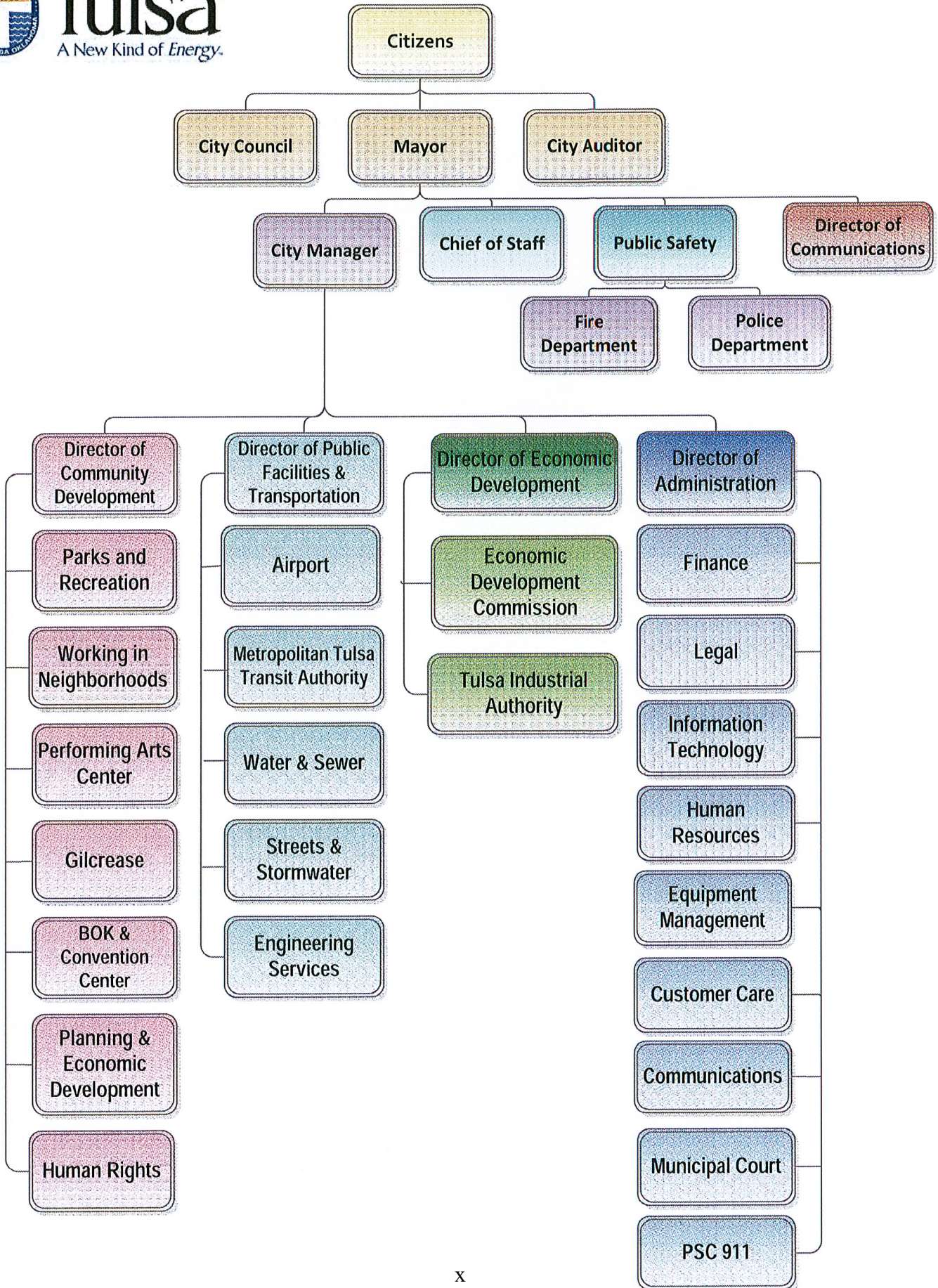
Clift Richards

MAYOR'S MANAGEMENT TEAM

| | |
|---------------------|--|
| David O'Meilia | City Attorney |
| Jim Twombly | City Manager |
| Clay Bird | Chief Economic Development Officer |
| Chuck Jordan | Chief of Police |
| Jarred Brejcha | Chief of Staff |
| Jonathan Brooks | Chief Technology Officer, Acting |
| Kimberly MacLeod | Director of Communications |
| Dwain Midget | Director of Community Development and Education |
| Paul Zachary | Director of Engineering Services |
| Michael P. Kier | Director of Finance |
| Erica Felix-Warwick | Director of Human Resources |
| Dr. Michael Smith | Director of Human Rights, Acting |
| Brett Fidler | Director of the Office of Sustainability |
| Dawn Warrick | Director of Planning and Economic Development |
| Dan Crossland | Director of Streets and Stormwater |
| Clayton Edwards | Director of Water and Sewer |
| Jeff Mulder | Director of Public Facilities and Transportation |
| Ray Driskell | Fire Chief |



CITY OF Tulsa
A New Kind of Energy.



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tulsa
Oklahoma

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

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FINANCIAL SECTION

- ARKANSAS RIVER -

With approximately 41 miles of river front and 800 acres of natural open spaces in the city, the Great Blue Heron has made the Arkansas River its home. The river, stocked with fish and reptiles, provides a variety of species for the Great Blue Heron to enjoy.



BLUE HERON



Independent Auditor's Report

The Honorable Mayor and City Council
City of Tulsa, Oklahoma
Tulsa, Oklahoma

We have audited the accompanying 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, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Tulsa, Oklahoma's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tulsa Industrial Authority (TIA), which is a discretely presented component unit of the City. The financial statements of TIA, which comprise 2 percent of total assets and 0.8 percent of total revenues of the aggregate discretely presented component units, were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for TIA, are based solely on the reports of the other auditor. Also, we did not audit the financial statements of the Tulsa Stadium Trust (TST), which is a blended component unit and major enterprise fund of the City. The financial statements of TST, which comprise 7 percent of total assets and 1 percent of total revenues of the business-type activities and represent 100 percent of the assets and revenues of the TST major enterprise fund, were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for TST, are based solely on the report of the other auditor. Also, we did not audit the financial statements of The Operations of The BOK Center, as Managed by SMG, and The Operations of The Tulsa Convention Center, as Managed by SMG, an agent operating these facilities (collectively, SMG), which are presented within the Arena and Convention Center Fund, a major enterprise fund of the City. The financial statements of SMG, which collectively comprise 6 percent and 46 percent, respectively, of the total assets and total revenues of the Arena and Convention Center major enterprise fund and 2 percent and 20 percent, 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 Tulsa Convention 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position 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, as of June 30, 2012, and the respective changes in financial position and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 2 to the basic financial statements, the City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which restated beginning net position for items previously reported as assets.

The accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages MDA-1 through MDA-14, and pension and postemployment information on pages 60 and 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board (GASB) 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tulsa Oklahoma's basic financial statements. The combining and individual nonmajor fund financial statements and other 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. 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and is not a required part of the 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 financial statements. This information has not been subjected to the auditing procedures applied in the audits of the basic financial. Accordingly, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

McGladrey LLP

Kansas City, Missouri
November 28, 2012

City of Tulsa, Oklahoma
Management's Discussion and Analysis
June 30, 2012

As management of the City of Tulsa, Oklahoma (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with our letter of transmittal in the Introductory Section of this report and the City's financial statements, which follow this management's discussion and analysis. All amounts, unless otherwise indicated, are expressed in thousands of dollars and references to a year, such as 2012, contain an implied reference to the fiscal year, such as "fiscal year 2012."

Financial Highlights

Government-Wide Financial Statements

- The primary government's net position increased 5.4% or \$96.0 million during 2012, compared to an increase of \$74.6 million during 2011. The significant increases were due to the following activities:
- Revenue from operating grants and contributions from outside federal and state agencies increased \$2.1 million during 2012 compared to a \$6.4 million increase during 2011.
- Governmental activities' sales tax revenue increased \$19.9 million as the local economy continued to strengthen. The "4 to Fix the County" initiative allocated an additional 0.167% sales tax rate increase. Major retail development continued as new big box stores and restaurants were added to the Tulsa Hills shopping district.
- Property tax revenue increased by \$9.6 million as tax assessments for bonded debt and judgments continue to rise.
- The business-type activities net position decreased by \$1.9 million during 2012, compared to a \$3.1 million decrease during 2011. The net position of the business-type activities of the Tulsa Public Facilities Authority (a blended component unit of the City) decreased by \$1.9 million in 2012, compared to a \$5.4 million decrease in 2011. Stormwater management net position had little change in 2012, compared to a \$3.1 million increase in 2011 representing new investment in capital assets to maintain and improve the City's infrastructure. The Tulsa Stadium Trust net position decreased \$1.0 million over 2011, the first year it was included in business-type activities. Golf courses net position increased \$1.0 million in 2012 as renovations were completed and all courses were fully operable.
- Investment earnings decreased \$4.9 million during 2012 compared to a decrease of \$2.2 million during 2011. Continued decline in interest rates account for the 60.5% decline.
- In 2012, the City issued \$60.6 million general obligation (GO) bonds. Proceeds totaling \$50 million will be used to fund streets projects. The remaining \$10.6 million were issued to refund Series 2002C GO bonds.
- In 2012, the City's primary government expenses increased by \$36.7 million, or 9.2%, compared with a \$30.3 million (8.4%) decrease in 2011. Contributing to the changes are the following expenses:
- Administration and support increased \$5.8 million or 20.0% compared to a \$5.3 million (15.4%) decrease in 2011 due to reorganization of city departments.
- Public safety and protection increased by \$22.8 million or 11.8% compared to a \$9.2 million (5.0%) increase in 2011 primarily due to salary increases and fuel costs.
- Public works and transportation increased \$2.5 million or 4.3% compared to \$24.7 million (29.6%) decrease during 2011 due to reorganization of city departments.

City of Tulsa, Oklahoma
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Fund Financial Statements - Major Governmental and Proprietary Funds

Governmental funds reported a combined fund balance of \$429.1 million, up 8.0% from 2011. Notable changes are as follows:

- The General Fund's fund balance increased \$4.0 million to \$71.1 million, a product of an improving local economy and management's careful use of resources.
- The Debt Service Fund's fund balance increased \$6.3 million or 16% as a result of additional tax levies to fund debt reserves.
- General Fund use tax revenue increased 20.1% to \$21.5 million as economic activity and development sustained a continued recovery in the Tulsa area.
- Capital project infrastructure expenditures totaling \$46.7 million of Sales Tax Funds increased by \$4.5 million which was anticipated in the annual budget.
- Fund balance in the Sales Tax Fund increased \$21.2 million or 17.9% over 2011 due to sales tax receipts exceeding capital project expenditures
- Stormwater Management fund incurred an operating loss of \$4.1 million while receiving \$1.1 million from governmental funds for additional capital improvements to the stormwater management system. Combined with non-operating revenue from grants and investment income, this resulted in a \$0.1 million decrease in net position.
- One Technology Center contributed lease revenue of \$9.4 million, an increase of \$0.8 million. Contractual escalations for existing leases accounted for the increase.
- BOK Center and the Convention Center contributed \$12.0 million in revenue, down \$0.8 million from the previous year. Fewer event days were scheduled and one sports franchise closed.

Debt Offerings

- General Obligation bonds – In December 2011 and June 2012, the City issued General Obligation bonds totaling \$62.2 million which includes \$1.6 million for premium on debt issuance. \$50 million of the proceeds are to be used for street improvements and will be repaid 100% from the sinking fund. The remaining \$10.6 million proceeds, also to be repaid 100% from the sinking fund, were used to refund Series 2002C and reduce future debt service payments. Reductions totaling \$43.6 million represent principal payments on existing obligations. Refer to Note 11.
- Revenue bonds – In April, May, and June 2012, Revenue Bonds were issued totaling \$43.5 million which includes \$2 million of premium on debt issuance. Tulsa Public Facilities Authority (TPFA) issued \$10.9 million to use for capital improvements for the Tulsa Authority for Recovery of Energy (TARE). TPFA reductions totaling \$16.6 million represent principal payments on existing obligations. Tulsa Metropolitan Utility Authority (TMUA) Sewer Fund issued \$12.7 million refunding and reduced debt obligations by \$20.6 million. Tulsa Parking Authority (TPA) issued \$17.9 million refunding and reduced debt obligations by \$20.2 million.
- The Tulsa Metropolitan Utility Authority Sewer Fund issued promissory notes in the amount of \$32.4 million and reduced existing obligations by \$8.4 million. The proceeds of these notes are to be used for improvements to the wastewater systems. These loans from the Oklahoma Water Resources Board are

City of Tulsa, Oklahoma
Management's Discussion and Analysis
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collateralized by a first lien and security interest in the TMUA's wastewater treatment system, water distribution system, and the associated revenues.

- Tulsa Airport Improvement Trust – Reductions totaling \$7.7 million represent principal payments on existing obligations.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's financial statements, comprising the following three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements including other supplementary information

The City adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year. The adoption of these Statements changed the presentation of the basic, fund and component unit financial statements to a statement of net position format.

Government-Wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, similar to private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position can serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

The government-wide financial statements of the City are divided into three categories:

- **Governmental activities** - Most of the City's basic services are included here, such as public safety and protection, social and economic, public works and transportation, culture and recreation, and administrative and support functions. Sales, use, and property taxes, charges for services, and state and federal grants finance most of these activities.
- **Business-type activities** - The City charges fees to customers to help it cover the costs of certain services it provides. BOK Center and Convention Center, One Technology Center, Golf Course, Tulsa Stadium Trust and Stormwater Management operations are included here.
- **Discretely presented component units** - The City includes eight other entities in its report— Tulsa Metropolitan Utility Authority, Tulsa Authority for Recovery of Energy, Tulsa Airports, and the Other Component Units comprising of the Tulsa Development Authority, Metropolitan Tulsa Transit Authority, Tulsa Industrial Authority, Tulsa Parking Authority, and the Tulsa Performing Arts Center Trust. Although legally separate, these "component units" are important because the City is financially accountable for them.

City of Tulsa, Oklahoma
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June 30, 2012

Fund 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 City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, state law and bond covenants. The fund financial statements provide the reader with information about the City's most significant funds—not the City as a whole.

The funds of the City are divided into three categories:

- **Governmental funds** – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationships (or differences) between them.
- **Proprietary funds** – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.
 - *Enterprise Funds* (one type of proprietary fund) are used to report the same functions presented as business type activities in the government-wide financial statements, but with additional detailed information, such as cash flows.
 - *Internal Service funds* (the other type of proprietary fund) are used to report activities that provide supplies and services for the City's other programs and activities.
- **Fiduciary funds** – The City is the trustee, or fiduciary, for its employees' pension plans. Fiduciary activities are reported in a statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

Notes to the Financial Statements - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are located immediately following the basic financial statements.

Required supplementary information - In addition to the basic financial statements and accompanying notes, this report presents two categories of *required supplementary information ("RSI")* following the notes.

- The City's progress in funding its obligation to provide pension benefits to its employees
- The City's progress in funding its obligation to provide post-employment benefits to its employees

Other information - Combining statements, which include nonmajor governmental funds, internal service funds, and nonmajor discretely presented component units are presented immediately following the RSI. This section also includes budget to actual schedules for the General Fund and certain special revenue funds.

City of Tulsa, Oklahoma
Management's Discussion and Analysis
June 30, 2012

Government-Wide Financial Analysis

Net position of the City of Tulsa -- As of June 30, 2012, the City's combined net position was \$1.88 billion, with \$1.95 billion investment in capital assets before its related debt of \$366.8 million. Restricted net position totaling \$209.3 million is composed of \$40.5 million in debt service, \$153.5 million in capital projects, \$1.2 million in community development, and \$14.1 million for other purposes. Unrestricted net position totals \$81.6 million.

Governmental activities' net position increased \$97.9 million and Business-type activities' net position decreased \$1.9 million.

| | Governmental | | Business-type | | Total | |
|--------------------------------|---------------------|---------------------|----------------------|-------------------|---------------------|---------------------|
| | Activities | | Activities | | | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Current and other assets | \$ 590,873 | \$ 552,744 | \$ 49,671 | \$ 44,898 | \$ 640,544 | \$ 597,642 |
| Capital assets | 1,317,644 | 1,237,660 | 635,056 | 642,926 | 1,952,700 | 1,880,586 |
| Deferred outflows of resources | - | - | 6 | - | 6 | - |
| | <u>1,908,517</u> | <u>1,790,404</u> | <u>684,733</u> | <u>687,824</u> | <u>2,593,250</u> | <u>2,478,228</u> |
| Current and other liabilities | 98,233 | 156,981 | 18,415 | 17,247 | 116,648 | 174,228 |
| Long-term liabilities | 441,266 | 417,924 | 102,858 | 105,178 | 544,124 | 523,102 |
| Deferred inflows of resources | 55,582 | - | - | - | 55,582 | - |
| | <u>595,081</u> | <u>574,905</u> | <u>121,273</u> | <u>122,425</u> | <u>716,354</u> | <u>697,330</u> |
| Net position: | | | | | | |
| Net investment in capital | | | | | | |
| assets | 1,050,508 | 989,190 | 535,424 | 539,992 | 1,585,932 | 1,529,182 |
| Restricted | 197,455 | 160,049 | 11,875 | 8,936 | 209,330 | 168,985 |
| Unrestricted | 65,473 | 66,260 | 16,161 | 16,471 | 81,634 | 82,731 |
| | <u>\$ 1,313,436</u> | <u>\$ 1,215,499</u> | <u>\$ 563,460</u> | <u>\$ 565,399</u> | <u>\$ 1,876,896</u> | <u>\$ 1,780,898</u> |

Highlights - The City possesses sufficient funds to meet requirements for cash outlays in the next year and possesses the financial capacity to meet its long-term obligations in the years to come.

The net position of Business-type activities decreased 0.3% to \$563.5 million in 2012 from \$565.4 million in 2011, which included unrestricted net position of \$16.2 million and \$16.5 million at June 30, 2012 and 2011, respectively.

The City's total revenues increased 13.1% to \$529.8 million in 2012. Sales taxes, the largest revenue category, increased to \$219.2 million in 2012 from \$199.4 million in 2011. The increase is a result of continuing economic upturn and major development of an expanding shopping district. Property taxes increased to \$59.0 million in 2012 from \$49.3 million in 2011, satisfying debt service requirements on recent general obligation bond issues.

Program revenue generated \$169.7 million, consisting of charges for services, federal and state grants, and other contributions, up from \$135.5 million in 2011. Capital grants revenue increased by \$24.0 million while revenue for services increased by \$8.2 million. Operating grant revenue increased \$2.1 million.

Business-type activity revenues totaling \$49.5 million include revenue generated by the One Technology Center and the BOK and Convention Centers totaling \$9.4 million and \$12.0 million respectively. Stormwater revenues decreased \$0.1 million or 0.6%. Fees collected at the City's two thirty-six holes golf courses increased to \$2.6 million as major renovations were concluded and all 36 holes were open for play.

City of Tulsa, Oklahoma
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Expenses for the primary government increased 9.2% to \$433.8 million. The City's expenses cover a range of services, including public safety, public works, culture and recreation, and social and economic programs.

| | Changes in Net Position | | | | | |
|-------------------------------------|-------------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| | Governmental | | Business-type | | Total | |
| | Activities | | Activities | | | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 54,733 | \$ 48,081 | \$ 47,837 | \$ 46,278 | \$ 102,570 | \$ 94,359 |
| Operating grants/contributions | 29,629 | 27,816 | 308 | - | 29,937 | 27,816 |
| Capital grants/contributions | 36,144 | 9,924 | 1,072 | 3,319 | 37,216 | 13,243 |
| General revenues: | | | | | | |
| Sales taxes | 219,240 | 199,384 | - | - | 219,240 | 199,384 |
| Property taxes | 58,955 | 49,315 | - | - | 58,955 | 49,315 |
| Franchise | 22,427 | 27,225 | - | - | 22,427 | 27,225 |
| Use tax | 21,522 | 17,927 | - | - | 21,522 | 17,927 |
| Hotel/Motel taxes | 6,120 | 5,683 | - | - | 6,120 | 5,683 |
| Intergovernmental revenue | 23,305 | 22,699 | - | - | 23,305 | 22,699 |
| Other | 8,164 | 10,079 | 316 | 611 | 8,480 | 10,690 |
| | <u>480,239</u> | <u>418,133</u> | <u>49,533</u> | <u>50,208</u> | <u>529,772</u> | <u>468,341</u> |
| Expenses: | | | | | | |
| Administrative & support | 34,516 | 28,756 | - | - | 34,516 | 28,756 |
| Public safety & protection | 216,651 | 193,869 | - | - | 216,651 | 193,869 |
| Public works & transportation | 61,139 | 58,636 | - | - | 61,139 | 58,636 |
| Culture & recreation | 16,369 | 15,812 | - | - | 16,369 | 15,812 |
| Social & economic development | 24,089 | 21,894 | - | - | 24,089 | 21,894 |
| Interest on long-term debt | 12,724 | 12,624 | - | - | 12,724 | 12,624 |
| Stormwater | - | - | 27,729 | 26,050 | 27,729 | 26,050 |
| One Technology Center | - | - | 10,435 | 9,884 | 10,435 | 9,884 |
| Arena & Convention | - | - | 22,823 | 22,480 | 22,823 | 22,480 |
| Tulsa Stadium Trust | - | - | 3,603 | 3,768 | 3,603 | 3,768 |
| Golf courses | - | - | 3,696 | 3,316 | 3,696 | 3,316 |
| | <u>365,488</u> | <u>331,591</u> | <u>68,286</u> | <u>65,498</u> | <u>433,774</u> | <u>397,089</u> |
| Changes before transfers | 114,751 | 86,542 | (18,753) | (15,290) | 95,998 | 71,252 |
| Transfers | (16,814) | (11,950) | 16,814 | 11,950 | - | - |
| Change in Net position | 97,937 | 74,592 | (1,939) | (3,340) | 95,998 | 71,252 |
| Net position, beginning as restated | 1,215,499 | 1,140,907 | 565,399 | 568,739 | 1,780,898 | 1,709,646 |
| Net position, ending | <u>\$ 1,313,436</u> | <u>\$ 1,215,499</u> | <u>\$ 563,460</u> | <u>\$ 565,399</u> | <u>\$ 1,876,896</u> | <u>\$ 1,780,898</u> |

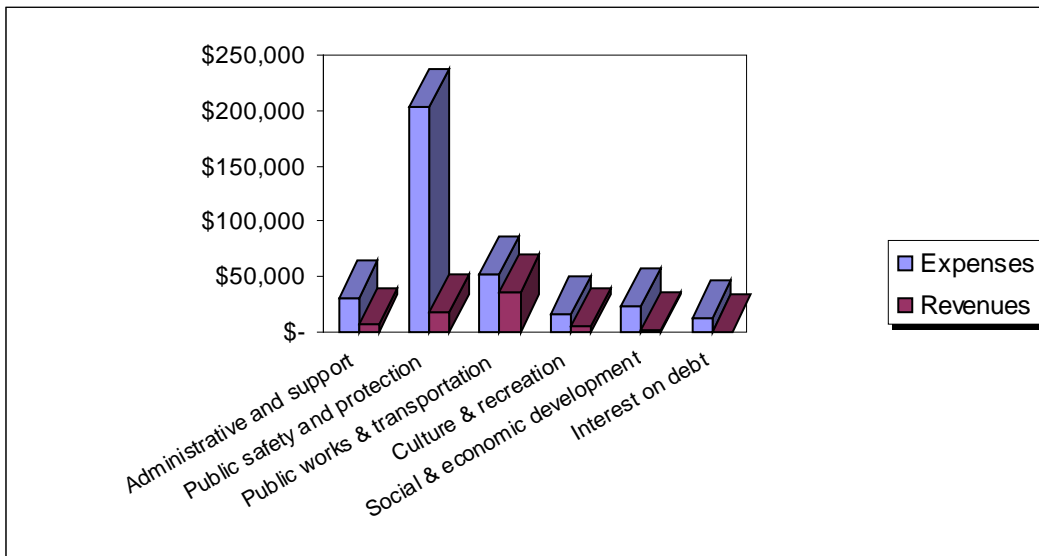
Governmental Activities - Governmental Activities' general revenues increased 8.3%, while expenses increased 10.2%. Sales tax revenues increased 10.0% due to tax rate increase and expanding retail. Property tax revenues increased 19.5% while franchise, use, and hotel taxes decreased a combined 1.5%. Transfers from governmental activities to business-type activities increased \$4.9 million.

City of Tulsa, Oklahoma
 Management's Discussion and Analysis
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- Administrative and support expenses increased 20.0% partially due to departmental restructurings.
- Public safety expenses are 11.8% higher. Both Police and Fire held an academy in 2012 and experienced salary increases.
- Public works and transportation expenses increased 4.3% due to departmental reorganizations and depreciation expense increases.
- Culture and recreation expenses increased 3.5%. Additional expenses for maintenance were assumed as funding for five swimming pools were added.
- Social and economic development expenses increased 10.0%. The increase is partially due to grant expenditures that were disallowed and are to be repaid to the granting agency.

Graph 1 below illustrates the cost of delivering services in the City's five largest programs – public safety, public works, social and economic development, administrative and support, and culture and recreation – by comparing cost to program income.

Graph 1 - Expenses and Program Revenues – Governmental Activities



The net cost indicates the financial burden of each of these functions.

The cost of all *governmental* activities this year was \$365.5 million. A portion of the costs were paid by those who directly benefited from the programs (\$54.7 million), or by other governments and organizations that subsidized certain programs with grants and contributions (\$65.8 million).

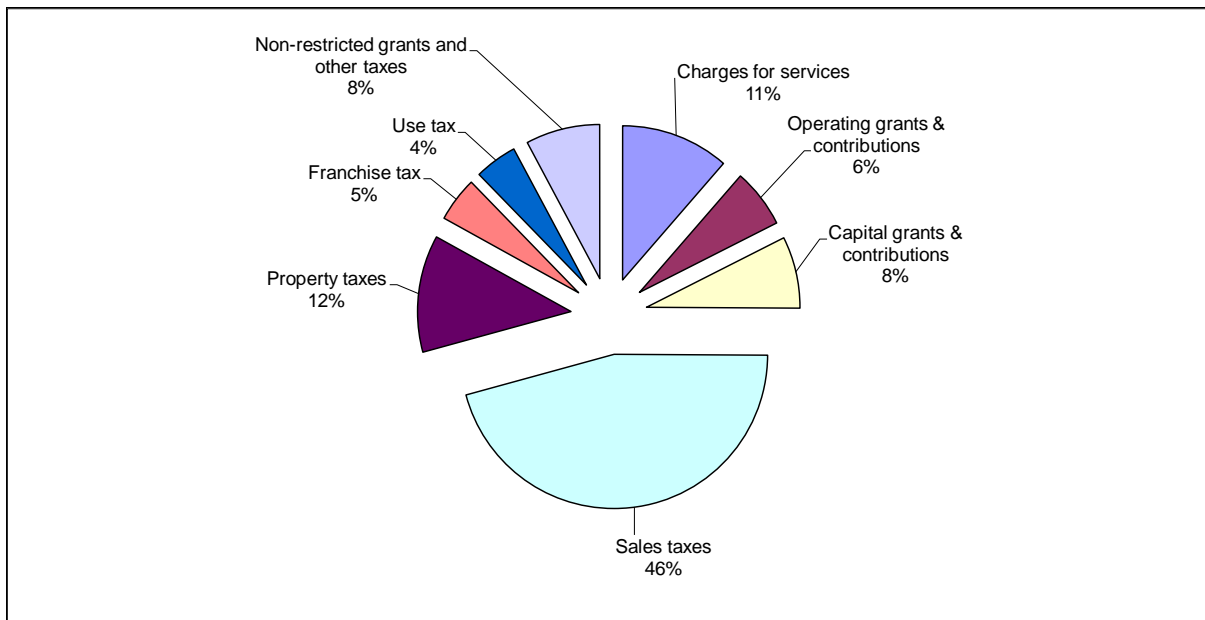
The remaining costs were paid as follows:

- The City paid the \$245.0 million “public benefit” portion with \$359.7 million from taxes and other revenues, such as interest earnings and unrestricted grants.
- Public safety required the largest amount of public funds with a subsidy of \$169.5 million.

City of Tulsa, Oklahoma
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- Administration and support service costs were 8.0% of overall expenses in 2012, up from 7.2% in 2011.
- For every dollar of social and economic expenses in 2012, 33 cents came from federal and state grants, down from 40 cents in 2011.
- Governmental Activities transferred \$16.8 million to Business-Type Activities, in the form of transfers and capital contributions. Another \$11.8 million was transferred to Component Units, as follows: Metropolitan Tulsa Transit Authority - \$7.5 million, Tulsa Development Authority - \$2.1 million, Tulsa Parking Authority - \$2.0 million, and Tulsa Airports - \$0.2 million.
- 46% of Governmental Activities revenue came from sales taxes (see Graph 2).

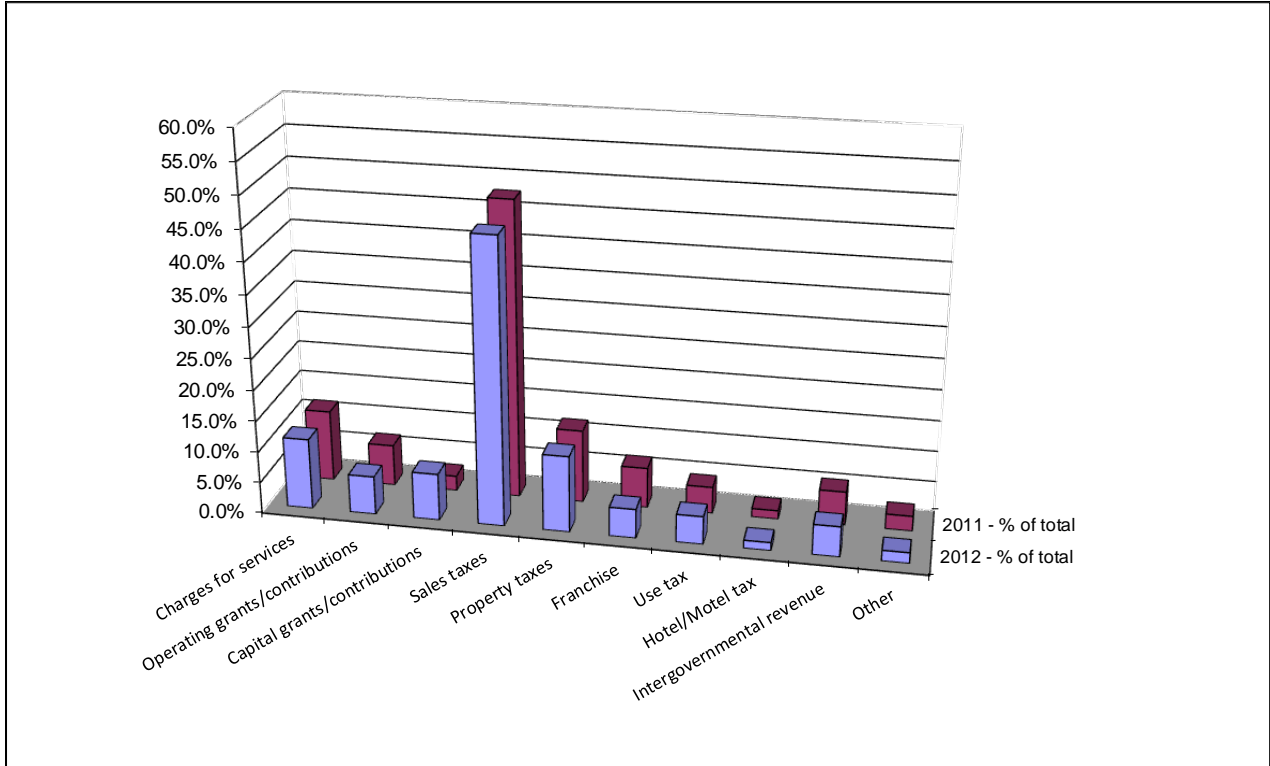
Graph 2 - Governmental Activities – Revenue by Source



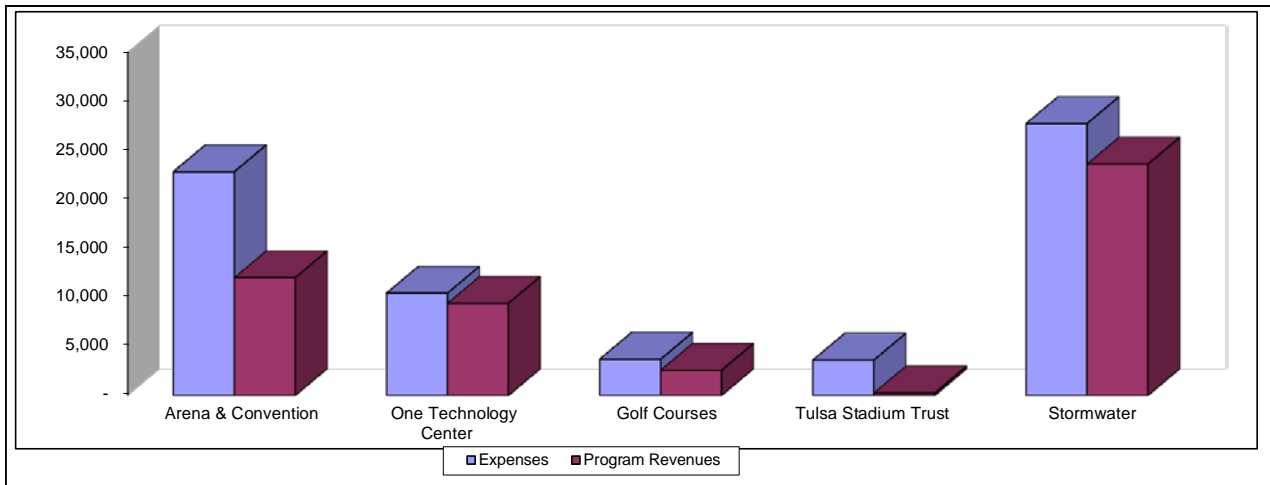
City of Tulsa, Oklahoma
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The mix of various revenues remains fairly constant as illustrated by Graph 3. One exception is Capital grant/contribution revenue, which rose to 7.5% of the mix up from 2.4% in 2011 due to road improvement contributions received from the State Department of Transportation.

Graph 3 - Governmental Activities – Change in Revenue by Source



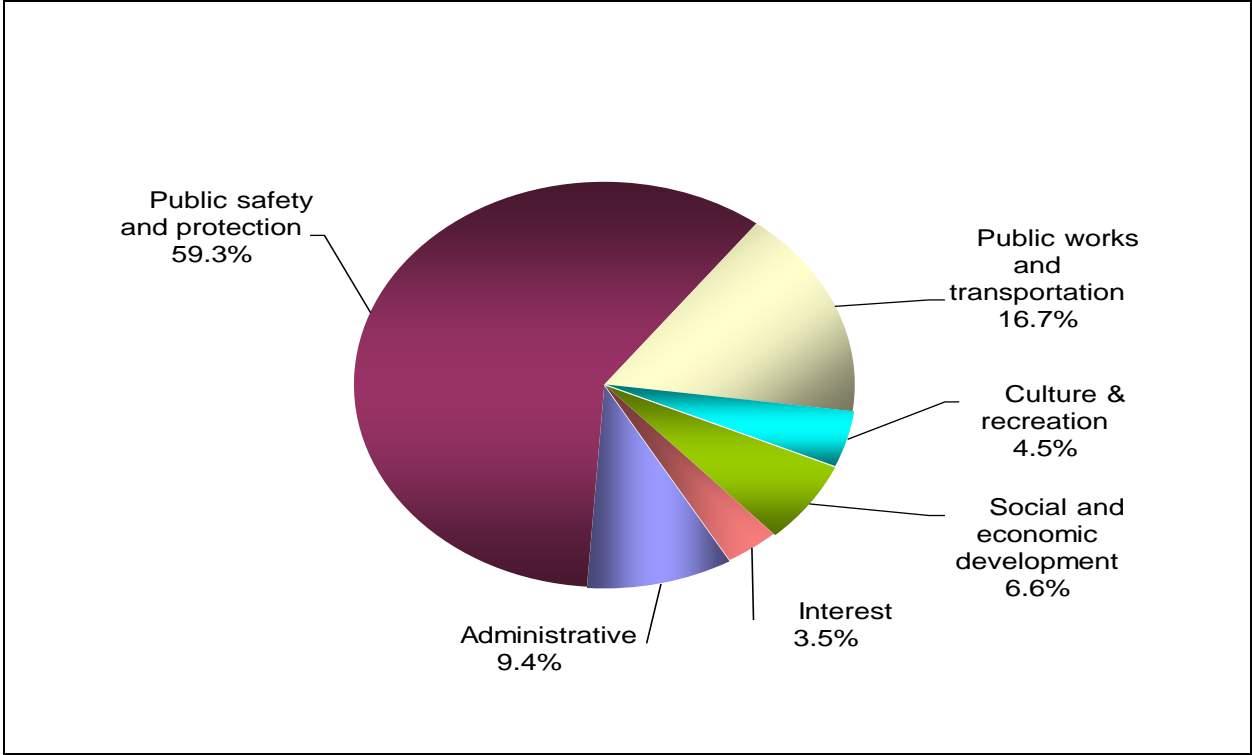
Graph 4 – Expenses and Program Revenues – Business-type Activities



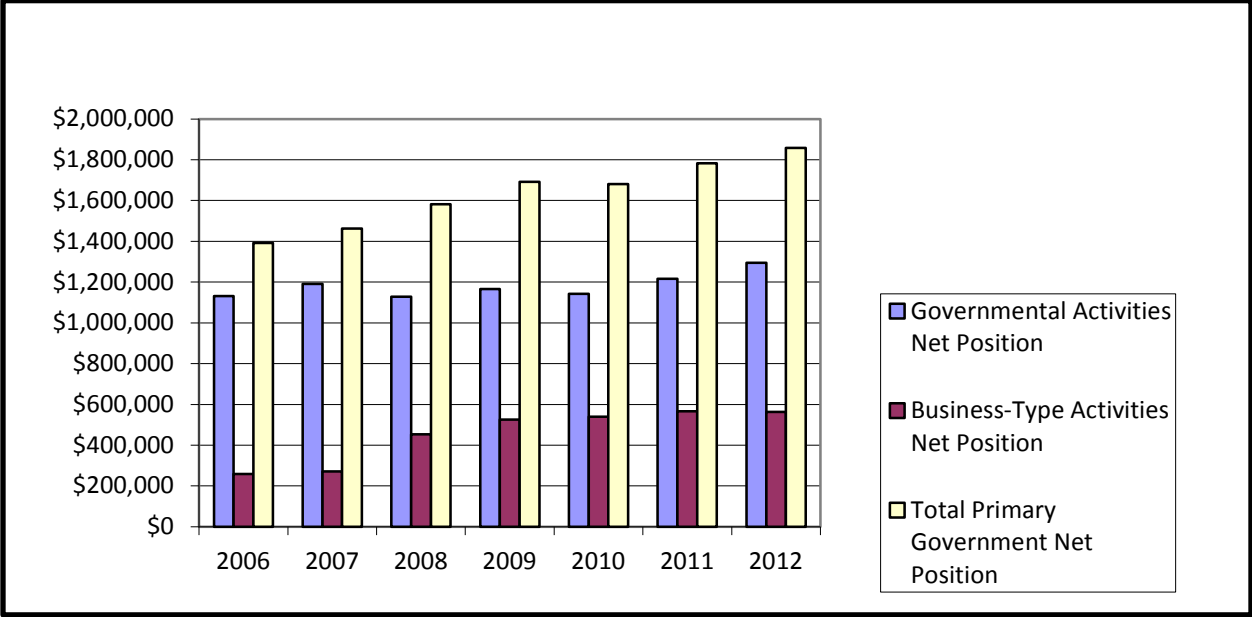
City of Tulsa, Oklahoma
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Of the Governmental Activities expenses, 59.3% were for public safety and protection and 16.7% were for public works and transportation (see Graph 5).

Graph 5 - Expenses – Governmental Activities



Graph 6 – Government-Wide Net Position



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Graph 7 – Employment Levels

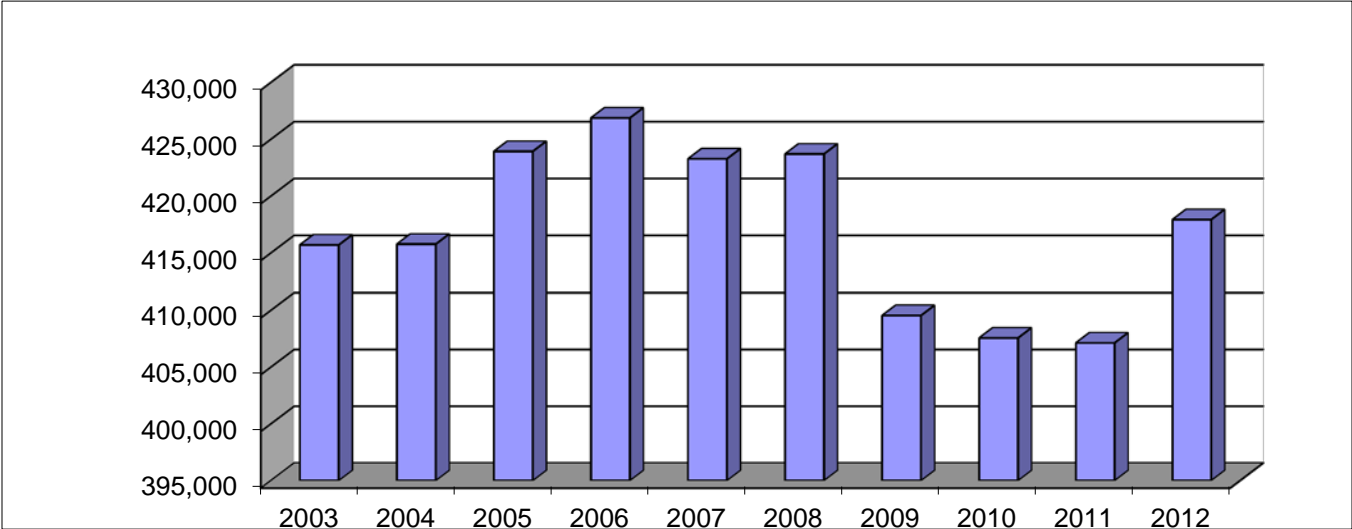
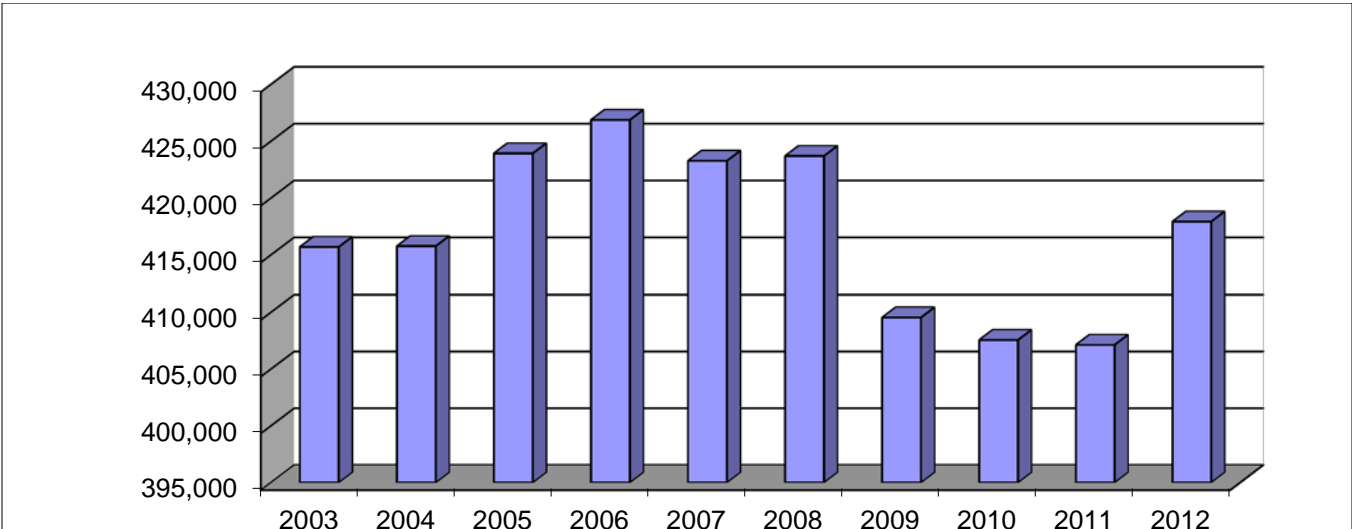


Chart 8 – Unemployment Levels



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Budgetary Highlights

The General Fund is the only major fund requiring an annually adopted budget.

General Fund Budgetary Highlights

The original 2012 General Fund budget adopted by the Mayor and City Council totaled \$253.9 million. The budget was balanced with revenue estimates of \$245.8 million and fund balance totaling \$8.1 million. It was 9.0 percent more than the 2011 original budget. Taking into consideration 2011 carry over encumbrances, the total authorized expenditure amount on July 1, 2011 was \$260.7 million.

| | Original Budget | | Amended Budget | | Budgetary Basis Actual | | Variance | |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|------------------------|-------------------|-------------------|-------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Revenues: | | | | | | | | |
| Taxes | \$ 177,935 | \$ 163,514 | \$ 178,195 | \$ 168,440 | \$ 183,590 | \$ 173,566 | \$ (5,395) | \$ (5,126) |
| Licenses and permits | 5,524 | 5,059 | 5,524 | 5,059 | 6,832 | 5,922 | (1,308) | (863) |
| Intergovernmental | 8,111 | 8,686 | 8,111 | 8,709 | 8,896 | 9,054 | (785) | (345) |
| Charges for service | 35,112 | 35,788 | 35,112 | 35,047 | 34,968 | 33,648 | 144 | 1,399 |
| Fines and forfeitures | 10,541 | 8,076 | 10,581 | 8,141 | 11,566 | 10,805 | (985) | (2,664) |
| Investment income | 5,277 | 5,231 | 5,277 | 5,231 | 3,780 | 4,452 | 1,497 | 779 |
| Miscellaneous | 2,251 | 1,295 | 2,416 | 2,701 | 3,032 | 3,541 | (616) | (840) |
| Transfers In | 1,075 | 2,375 | 1,075 | 2,375 | 1,050 | 2,387 | 25 | (12) |
| | <u>\$ 245,826</u> | <u>\$ 230,024</u> | <u>\$ 246,291</u> | <u>\$ 235,703</u> | <u>\$ 253,714</u> | <u>\$ 243,375</u> | <u>\$ (7,423)</u> | <u>\$ (7,672)</u> |
| Expenses: | | | | | | | | |
| Administration and support | \$ 22,999 | \$ 21,417 | \$ 25,400 | \$ 22,919 | \$ 23,660 | \$ 19,828 | \$ 1,740 | \$ 3,091 |
| Public works and transportation | 30,115 | 26,870 | 30,925 | 30,811 | 29,838 | 30,135 | 1,087 | 676 |
| Social and economic development | 10,607 | 8,711 | 11,155 | 9,689 | 10,245 | 9,303 | 910 | 386 |
| Public safety and protection | 158,836 | 149,828 | 164,522 | 154,090 | 161,689 | 150,961 | 2,833 | 3,129 |
| Culture and recreation | 14,291 | 14,446 | 14,747 | 14,685 | 14,590 | 14,125 | 157 | 560 |
| Payments to component units | 7,450 | 5,775 | 7,450 | 5,775 | 7,450 | 5,775 | - | - |
| Transfers out | 9,599 | 5,845 | 10,658 | 7,337 | 10,607 | 7,337 | 51 | - |
| | <u>\$ 253,897</u> | <u>\$ 232,892</u> | <u>\$ 264,857</u> | <u>\$ 245,306</u> | <u>\$ 258,079</u> | <u>\$ 237,464</u> | <u>\$ 6,778</u> | <u>\$ 7,842</u> |

With the local economy starting to improve in 2011, the resulting revenue increase generated 2011 carry over fund balance available for appropriation used by the Mayor and City Council to finance a number of one time projects in 2012. The carryover was also allocated to pension and OPEB liabilities that had accrued in the recent past. The additional revenue in 2012 made possible across the board wage increases for city employees.

Budget amendments were rather modest in 2012 and only increased appropriations by 1.7% of the original approved amount. The largest increase was needed to fund final 2012 IAFF contract provisions and to pay HUD for past CDBG ineligible expenditures. Revenue collections in excess of original projections financed most of the budget changes.

Prudent management of the city's General Fund resources produced a healthy fund balance available for appropriation at the end of 2012. The Mayor and City Council made the first \$2 million deposit into the City's voter approved Economic Stabilization reserve, aka "the rainy day account". The money cannot be withdrawn unless revenues decline. The emergency operating reserve was also increased from 6 percent of the budget to 6.25%, and officials committed other fund balance to pay for the 2012 increase in the General Fund's pension and OPEB liabilities. Other high priority one time projects consumed most of the remaining fund balance.

City of Tulsa, Oklahoma
Management's Discussion and Analysis
June 30, 2012

The 2012 revenues and expenditures reflect the gradual increase in resources that has occurred since 2010. While 2013 revenue projections are just below 2009's, 2013 authorized expenditures are actually greater than the 2009 original budget. It will take a few more years of positive growth to restore all of the General Fund service level reductions made in 2010 and 2011.

Economic Factors and Next Year's Budget and Rates

The 2013 total budget is \$704.6 million – a 9% increase from the original 2012 amount. The operating budget is \$591.1 million and the Capital Improvements budget totals \$113.5 million. The operating budget is increasing by 3% and the capital budget is up 55% from 2012. 2013 revenue projections total \$666.7 million.

Development of the budget begins with a review of the economy. A significant global recession began 5 years ago. Officially, the United States entered the recession in December 2007 and it ended in July 2009. While the recession arrival was delayed in Tulsa, it did impact the local economy.

The unemployment rate in March of 2008 was 3%. It increased to 7.5% in March of 2010, and as of today the rate has improved to 6%, a bit better than last year's level of 6.5%. During the period the unemployment rate went up, revenues declined. The City experienced a 10% decline in General Fund revenues between 2008 to 2010. However, as the unemployment rate improved so did revenues.

Sales tax receipts improved by 3.0% in 2011 and positive growth continue. Normalizing for the 0.167% increase that occurred on October 1, 2011, the 2012 receipts were 6% more than collections in 2011. An expectation for continued growth is dependent on the national economy and also on local events like the potential closing of the local United States Postal Service mail processing center and the bankruptcy of American Airlines, the largest employer in Tulsa with announced reductions of over 700 jobs. When considering all factors, the growth rate for taxable sales is expected to be 3.7% in 2013.

The original 2012 revenue estimates for the General Fund was \$246 million, essentially flat with prior year actual revenues. Improved performance of the sales tax and other revenues has resulted in an actual total for 2012 of \$254 million. The positive revenue collections, along with controlled spending show that the City will complete the current year with an unassigned budgetary fund balance of \$16 million. Revenues for 2013 are expected to be \$261.1 million. The revenues along with the unassigned fund balance will support budgeted outlays, including an emergency operating reserve of 6.25% of the budget. For the first time, the budget includes a \$2 million deposit into the City Charter established Economic Stabilization Reserve.

The budget for the General Fund is \$272.5 million, an increase of \$18.6 million or 7.3% from last year's original budget. Public safety receives the largest allocation of resources at 56% of the budget. The budget supports a new fire academy and a new police academy. During the economic downturn, the City has paid for 147 police and fire positions from grant funds that normally would be charged to the General Fund. As the grants are exhausted the positions will be transitioned back to the General Fund within the next five years at a cumulative cost of \$13.8 million. The largest category of expenditure is for payroll, which represents 71% of the budget. The budget includes a 4.25% increase in health insurance costs and increases pension contributions to the Municipal Employees Retirement Plan from the City and employees. These changes along with scheduled increases in employee contributions and funding prior pension liabilities will improve the plan's funding ratio, which has lowered to 77%.

The budget reflects no change in emergency medical service or stormwater rates. The Tulsa Metropolitan Utility Authority has reviewed water and sewer revenues and the funding needed to support operations, maintenance, capital, and debt service costs. Based on their recommendations, a water rate increase of 7% and sewer rate increase of 9% are included to address capital needs and debt service in 2013. The rate changes are the same as projected in the last year's 5-year rate model.

City of Tulsa, Oklahoma
Management's Discussion and Analysis
June 30, 2012

Capital Assets and Debt Administration

Capital Assets - At the end of 2012 the City had invested \$1.95 billion in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, and bridges. This amount represents a net increase (after additions, deductions, and depreciation) of \$71.7 million, or 3.8% over last year (see Note 7 to the financial statements for additional detailed information regarding capital assets). Land acquisition costs increased by \$56 million. Expenditures for buildings and improvements decreased by \$33 million. Equipment costs increased by \$7 million. Expenditures for infrastructure increased \$92 million. The inventory of construction projects in progress decreased by \$50 million.

Capital Assets, net of depreciation
(amounts expressed in millions)

| | Governmental Activities | | Business Activities | | Total | | Percentage Change |
|----------------------------|--------------------------------|-----------------|----------------------------|---------------|-----------------|-----------------|--------------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | |
| Land | \$ 520 | \$ 466 | \$ 84 | \$ 82 | \$ 604 | \$ 548 | 10.2% |
| Buildings and improvements | 85 | 123 | 506 | 502 | 592 | 625 | -5.3% |
| Equipment | 68 | 50 | 34 | 45 | 102 | 95 | 7.9% |
| Infrastructure | 483 | 391 | - | - | 483 | 391 | 23.4% |
| Construction in progress | 162 | 208 | 10 | 14 | 172 | 222 | -22.5% |
| | <u>\$ 1,318</u> | <u>\$ 1,238</u> | <u>\$ 635</u> | <u>\$ 643</u> | <u>\$ 1,953</u> | <u>\$ 1,881</u> | <u>3.8%</u> |

Long-term Debt - At year end, the City had \$543 million in bonds outstanding, an increase of 2.4% from last year, as shown below. More detailed information about the City's long-term liabilities is presented in Note 11 to the financial statements.

Long-term Debt
(amounts expressed in millions)

| | Governmental Activities | | Business Activities | | Total | |
|--------------------------|--------------------------------|---------------|----------------------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| General obligation bonds | \$ 427 | \$ 408 | \$ - | \$ - | \$ 427 | \$ 408 |
| Revenue bonds | 12 | 14 | 104 | 107 | 116 | 121 |
| Compensated absences | 28 | 28 | 1 | 1 | 29 | 29 |
| Other long-term debt | 40 | 41 | 2 | 1 | 42 | 42 |
| | <u>\$ 507</u> | <u>\$ 491</u> | <u>\$ 107</u> | <u>\$ 109</u> | <u>\$ 614</u> | <u>\$ 600</u> |

Bond Ratings - In their report dated March 2012, Moody's Investors Service assigned and affirmed an Aa1 rating. Standard and Poor's assigned and affirmed an AA rating to the City's general obligation bonds in their report dated April 2012.

Contacting the City's Financial Management

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 885
Tulsa, Oklahoma 74103

BASIC FINANCIAL STATEMENTS



CENTENNIAL PARK

- CENTENNIAL PARK -

The combination of spectacular views of the Tulsa skyline and an assortment of urban wildlife makes Centennial Park a unique destination just a short distance from downtown Tulsa.

CITY OF TULSA
STATEMENT OF NET POSITION
June 30, 2012
(amounts expressed in thousands)

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|---------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 425,034 | \$ 28,656 | \$ 453,690 | \$ 108,575 |
| Cash and cash equivalents - restricted | 12,351 | - | 12,351 | 1,815 |
| Investments | - | - | - | 2,533 |
| Receivables, net | 104,183 | 4,584 | 108,767 | 30,488 |
| Prepaid expenses | - | 494 | 494 | - |
| Internal balances | 1,061 | (1,061) | - | - |
| Inventories | 666 | 293 | 959 | 3,874 |
| Current portion of notes receivable - restricted | - | - | - | 397 |
| Other current assets - restricted | - | - | - | 220 |
| Total current assets | <u>543,295</u> | <u>32,966</u> | <u>576,261</u> | <u>147,902</u> |
| Noncurrent assets: | | | | |
| Cash and cash equivalents - restricted | - | 14,761 | 14,761 | 80,266 |
| Receivables, net | 15,195 | 16 | 15,211 | 4,000 |
| Receivables, net - restricted | - | - | - | 11,275 |
| Investments | - | - | - | 1,472 |
| Investments - restricted | - | - | - | 69,446 |
| Advances to primary government | - | - | - | 575 |
| Advances to primary government - restricted | - | - | - | 1,151 |
| Advances to component units | 326 | - | 326 | - |
| Land held for resale, net | 2,356 | - | 2,356 | 4,279 |
| Land held for resale, net - restricted | - | - | - | 724 |
| Other assets | 16,457 | 1,928 | 18,385 | 414 |
| Equity interest in joint ventures | 13,244 | - | 13,244 | 12,000 |
| Nondepreciable capital assets | 681,478 | 94,448 | 775,926 | 276,706 |
| Capital assets, net | 636,166 | 540,608 | 1,176,774 | 1,220,547 |
| Total noncurrent assets | <u>1,365,222</u> | <u>651,761</u> | <u>2,016,983</u> | <u>1,682,855</u> |
| Total assets | <u>1,908,517</u> | <u>684,727</u> | <u>2,593,244</u> | <u>1,830,757</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred charge on refunding | - | 6 | 6 | 9,960 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | 28,915 | 5,438 | 34,353 | 11,091 |
| Accounts payable and accrued liabilities - restricted | - | - | - | 19,273 |
| Deposits subject to refund - unrestricted | 68 | - | 68 | - |
| Unearned revenue | - | 7,579 | 7,579 | 1,218 |
| Current portion of long-term liabilities | 65,716 | 3,876 | 69,592 | 39,745 |
| Deposits subject to refund - restricted | - | - | - | 9,304 |
| Total current liabilities | <u>94,699</u> | <u>16,893</u> | <u>111,592</u> | <u>80,631</u> |
| Noncurrent liabilities: | | | | |
| Advances from primary government | - | - | - | 326 |
| Advances from component units | 575 | - | 1,151 | - |
| Advances from component units - restricted | 1,151 | - | 575 | - |
| Unearned revenue | 1,808 | 1,522 | 3,330 | 4 |
| Deposits subject to refund | - | - | - | 225 |
| Deposits subject to refund - restricted | - | - | - | 55 |
| Long-term liabilities | 441,266 | 102,858 | 544,124 | 543,006 |
| Total noncurrent liabilities | <u>444,800</u> | <u>104,380</u> | <u>549,180</u> | <u>543,616</u> |
| Total liabilities | <u>539,499</u> | <u>121,273</u> | <u>660,772</u> | <u>624,247</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | 55,582 | - | 55,582 | - |
| NET POSITION | | | | |
| Net investment in capital assets | 1,050,508 | 535,424 | 1,585,932 | 1,012,634 |
| Restricted for: | | | | |
| Debt service | 36,407 | 4,124 | 40,531 | 43,079 |
| Capital projects | 146,760 | 6,708 | 153,468 | 28,117 |
| Community development | 1,197 | - | 1,197 | - |
| Other purposes | 13,091 | 1,043 | 14,134 | 1,752 |
| Unrestricted | 65,473 | 16,161 | 81,634 | 130,888 |
| Total net position | <u>\$ 1,313,436</u> | <u>\$ 563,460</u> | <u>\$ 1,876,896</u> | <u>\$ 1,216,470</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
STATEMENT OF ACTIVITIES
Year ended June 30, 2012
(amounts expressed in thousands)

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net position | | | Component Units |
|--|------------|--------------------------------|--------------------------|----------------------------------|---|------------|--------------|-----------------|
| | | Charges for Services and Fines | | Capital Grants and Contributions | Primary Government | | Total | |
| | | Operating | Grants and Contributions | Governmental Activities | Business-type Activities | | | |
| Primary government: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| Administrative and support | \$ 34,516 | \$ 14,421 | \$ - | \$ - | \$ (20,095) | \$ - | \$ (20,095) | \$ - |
| Public safety and protection | 216,651 | 21,553 | 23,248 | 2,343 | (169,507) | - | (169,507) | - |
| Public works and transportation | 61,139 | 12,761 | 556 | 33,801 | (14,021) | - | (14,021) | - |
| Culture and recreation | 16,369 | 4,148 | - | - | (12,221) | - | (12,221) | - |
| Social and economic development | 24,089 | 1,850 | 5,825 | - | (16,414) | - | (16,414) | - |
| Interest on long-term debt | 12,724 | - | - | - | (12,724) | - | (12,724) | - |
| Total governmental activities | 365,488 | 54,733 | 29,629 | 36,144 | (244,982) | - | (244,982) | - |
| Business-type activities: | | | | | | | | |
| Stormwater | 27,729 | 23,604 | - | 1,072 | - | (3,053) | (3,053) | - |
| One Technology Center | 10,435 | 9,401 | - | - | - | (1,034) | (1,034) | - |
| Arena & Convention | 22,823 | 12,012 | - | - | - | (10,811) | (10,811) | - |
| Tulsa Stadium Trust | 3,603 | 246 | 308 | - | - | (3,049) | (3,049) | - |
| Golf Courses | 3,696 | 2,574 | - | - | - | (1,122) | (1,122) | - |
| Total business-type activities | 68,286 | 47,837 | 308 | 1,072 | - | (19,069) | (19,069) | - |
| Total primary government | \$ 433,774 | \$ 102,570 | \$ 29,937 | \$ 37,216 | (244,982) | (19,069) | (264,051) | - |
| Component units | \$ 263,483 | \$ 236,606 | \$ 14,446 | \$ 34,046 | - | - | - | 21,615 |
| General revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Sales taxes | | | | | 219,240 | - | 219,240 | 436 |
| Property taxes | | | | | 58,955 | - | 58,955 | 4,448 |
| Franchise taxes | | | | | 22,427 | - | 22,427 | - |
| Use taxes | | | | | 21,522 | - | 21,522 | - |
| Hotel/Motel taxes | | | | | 6,120 | - | 6,120 | - |
| Intergovernmental revenue, unrestricted | | | | | 23,305 | - | 23,305 | - |
| Payments from primary government | | | | | - | - | - | 11,819 |
| Payments from component units | | | | | 690 | - | 690 | 585 |
| Unrestricted investment earnings | | | | | 2,888 | 304 | 3,192 | 2,280 |
| Miscellaneous | | | | | 4,586 | 12 | 4,598 | 221 |
| Gain on disposal of capital assets | | | | | - | - | - | 615 |
| Transfers | | | | | (16,814) | 16,814 | - | - |
| Total general revenues and transfers | | | | | 342,919 | 17,130 | 360,049 | 20,404 |
| Change in Net position | | | | | 97,937 | (1,939) | 95,998 | 42,019 |
| Net position--beginning of year, as restated | | | | | 1,215,499 | 565,399 | 1,780,898 | 1,174,451 |
| Net position--end of year | | | | | \$ 1,313,436 | \$ 563,460 | \$ 1,876,896 | \$ 1,216,470 |

The notes to the financial statements are an integral part of this statement.

**CITY OF TLLSA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012
(amounts expressed in thousands)**

| | General | Debt Service | Bond | Sales Tax | Other Governmental Funds | Total Governmental Funds |
|---|------------------|-------------------|-------------------|-------------------|--------------------------|--------------------------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ 47,787 | \$ 43,737 | \$ 169,576 | \$ 129,673 | \$ 14,068 | \$ 404,841 |
| Receivables, net | 26,604 | 57,258 | - | 11,555 | 8,733 | 104,150 |
| Due from other funds | 325 | - | - | 7,882 | - | 8,207 |
| Advances to other funds | 280 | - | - | - | - | 280 |
| Advances to component units | 326 | - | - | - | - | 326 |
| Total assets | <u>\$ 75,322</u> | <u>\$ 100,995</u> | <u>\$ 169,576</u> | <u>\$ 149,110</u> | <u>\$ 22,801</u> | <u>\$ 517,804</u> |
| Liabilities | | | | | | |
| Accounts payable and accrued liabilities | 3,582 | 50 | 8,902 | 9,066 | 2,350 | 23,950 |
| Deposits subject to refund | - | - | - | 68 | - | 68 |
| Unearned revenue | 119 | - | - | - | 445 | 564 |
| Advances from other funds | - | - | - | - | 1,649 | 1,649 |
| Advances from component units | 127 | - | 1,151 | - | - | 1,278 |
| Total liabilities | <u>3,828</u> | <u>50</u> | <u>10,053</u> | <u>9,134</u> | <u>4,444</u> | <u>27,509</u> |
| Deferred inflows of resources | | | | | | |
| Unavailable revenue - property taxes | - | 55,582 | - | - | - | 55,582 |
| Unavailable revenue - special assessments | - | - | - | - | 305 | 305 |
| Unavailable revenue - intergovernmental | 359 | - | - | - | 4,962 | 5,321 |
| Total unavailable revenue | <u>359</u> | <u>55,582</u> | <u>-</u> | <u>-</u> | <u>5,267</u> | <u>61,208</u> |
| Fund balances | | | | | | |
| Nonspendable | 606 | - | - | - | - | 606 |
| Restricted | - | 45,363 | 159,523 | 139,976 | 11,424 | 356,286 |
| Committed | - | - | - | - | 1,095 | 1,095 |
| Assigned | 20,989 | - | - | - | 716 | 21,705 |
| Unassigned | 49,540 | - | - | - | (145) | 49,395 |
| Total fund balances | <u>71,135</u> | <u>45,363</u> | <u>159,523</u> | <u>139,976</u> | <u>13,090</u> | <u>429,087</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 75,322</u> | <u>\$ 100,995</u> | <u>\$ 169,576</u> | <u>\$ 149,110</u> | <u>\$ 22,801</u> | <u>\$ 517,804</u> |

Amounts reported for governmental activities in the statement of net position are different because:

| | |
|---|---------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds | 1,309,449 |
| Internal service funds are used by management to charge costs of equipment management, employee insurance and office services. | |
| The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets | 13,578 |
| Assets and liabilities included in governmental activities statement of net position but not in governmental funds: | |
| Internal balances due to elimination of internal service funds | 1,844 |
| Land held for resale | 2,356 |
| Accrued interest payable does not require the use of current resources and therefore is not reported in the governmental funds | (3,467) |
| Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds | |
| The detail of the individual long-term liabilities is as follows: | |
| General obligation debt | (408,690) |
| Unamortized bond premium | (17,969) |
| Compensated absences | (27,693) |
| Other post employment benefits liability | (6,985) |
| Net pension obligation | (2,547) |
| Judgements | (5,489) |
| Due to other governments | (4,304) |
| Pollution remediation obligation | (166) |
| Facility use lease asset | 15,562 |
| Deferred intergovernmental revenues | 5,321 |
| Deferred special assessment revenues | 305 |
| Investment in joint venture is not reported in the funds. | 13,244 |
| Governmental activities net position | <u>\$ 1,313,436</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2012
(amounts expressed in thousands)

| | General | Debt Service | Bond | Sales Tax | Other Governmental Funds | Total Governmental Funds |
|--|------------|-----------------|------------|------------|--------------------------------|--------------------------------|
| Revenues | | | | | | |
| Sales tax | \$ 140,448 | \$ - | \$ - | \$ 78,792 | \$ - | \$ 219,240 |
| Property tax | - | 54,124 | - | - | - | 54,124 |
| Franchise tax | 21,308 | - | - | - | 1,119 | 22,427 |
| Use tax | 21,522 | - | - | - | - | 21,522 |
| Hotel/motel tax | 121 | - | - | - | 5,999 | 6,120 |
| Special assessment tax | - | - | - | - | 3,164 | 3,164 |
| Charges for services | 35,628 | - | - | - | 4,685 | 40,313 |
| Intergovernmental revenues | 25,301 | - | - | - | 18,593 | 43,894 |
| Fines and forfeitures | 11,566 | - | - | - | 152 | 11,718 |
| Investment income | 4,105 | - | - | 947 | 134 | 5,186 |
| Licenses, permits and fees | 6,832 | - | - | - | - | 6,832 |
| Program income from grants | - | - | - | - | 1,763 | 1,763 |
| Payments from component units | - | - | - | - | 668 | 668 |
| Miscellaneous | 2,350 | - | 878 | 223 | 1,096 | 4,547 |
| Total revenues | 269,181 | 54,124 | 878 | 79,962 | 37,373 | 441,518 |
| Expenditures | | | | | | |
| Administration and support | 27,378 | - | - | - | 65 | 27,443 |
| Public safety and protection | 174,741 | - | - | - | 11,318 | 186,059 |
| Public works and transportation | 27,899 | - | - | - | 1,140 | 29,039 |
| Culture and recreation | 14,352 | - | - | - | 596 | 14,948 |
| Social and economic development | 10,353 | - | - | - | 10,432 | 20,785 |
| Payments to component units | 7,450 | - | - | 8,961 | 480 | 16,891 |
| Capital outlay | - | - | 48,205 | 46,724 | 10,235 | 105,164 |
| Debt service | - | 48,508 | - | - | - | 48,508 |
| Total expenditures | 262,173 | 48,508 | 48,205 | 55,685 | 34,266 | 448,837 |
| Excess (deficiency) of revenues over expenditures | 7,008 | 5,616 | (47,327) | 24,277 | 3,107 | (7,319) |
| Other financing sources (uses) | | | | | | |
| Transfers in | - | - | - | - | 3,969 | 3,969 |
| Transfers out | (3,654) | - | (2,538) | (3,056) | (6,775) | (16,023) |
| Sale of capital assets | 664 | - | - | - | - | 664 |
| Bond issuance | - | - | 50,000 | - | - | 50,000 |
| Premium on bonds issued | - | 647 | - | - | - | 647 |
| Total other financing sources (uses) | (2,990) | 647 | 47,462 | (3,056) | (2,806) | 39,257 |
| Net change in fund balances | 4,018 | 6,263 | 135 | 21,221 | 301 | 31,938 |
| Fund balances, beginning of year | 67,117 | 39,100 | 159,388 | 118,755 | 12,789 | 397,149 |
| Fund balances, end of year | \$ 71,135 | \$ 45,363 | \$ 159,523 | \$ 139,976 | \$ 13,090 | \$ 429,087 |

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2012
(amounts expressed in thousands)

Amounts reported for governmental activities in the statement of activities are different because:

| | |
|--|-------------------------|
| Net change in fund balances--total governmental funds | \$ 31,938 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: | |
| Capital outlays | 101,387 |
| Capital contributions | 24,780 |
| Depreciation expense | <u>(39,836)</u> |
| | <u>86,331</u> |
| The effect of miscellaneous transactions involving capital assets: | |
| Loss on disposal of capital assets | (982) |
| Proceeds from sale of capital assets | (664) |
| Capital assets transferred to proprietary funds | <u>(5,751)</u> |
| | <u>(7,397)</u> |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources: | |
| Bond issuance | (50,000) |
| Premium on bond issuance | (647) |
| Payment of bond principal | <u>27,779</u> |
| | <u>(22,868)</u> |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds: | |
| Accrued interest expense | 147 |
| Amortization of premium on bond issuance | 4,067 |
| Increase in other post employment benefit expense | (384) |
| Increase in net pension obligation | (105) |
| Increase in pollution remediation obligation | (166) |
| Increase in compensated absences expense | (10) |
| Increase in liability to other governments | (2,454) |
| Decrease in tort claims and judgments expense | 3,235 |
| Amortization of facility use lease | <u>(368)</u> |
| | <u>3,962</u> |
| Some revenues reported in the statement of activities do not provide current financial resources in governmental funds: | |
| Donation of land held for resale | 2,356 |
| Loss from investment in joint venture | <u>(2,418)</u> |
| | <u>(62)</u> |
| Some revenues deferred in the governmental funds represent accrual based revenue in the entity-wide statements: | |
| Intergovernmental revenue | 3,578 |
| Special assessment revenue | 305 |
| The net revenue of internal service funds is reported within governmental activities: | |
| Change in net assets of internal service funds | 2,075 |
| Internal balances resulting from the elimination of internal service fund revenues | <u>75</u> |
| | <u>2,150</u> |
| Change in net position--statement of activities | \$ <u>97,937</u> |

The notes to the financial statements are an integral part of this statement.

**CITY OF TULSA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES- BUDGET AND ACTUAL
(BUDGETARY BASIS)
Year ended June 30, 2012
(amounts expressed in thousands)**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 177,935 | \$ 178,195 | \$ 183,590 | \$ 5,395 |
| Licenses and permits | 5,524 | 5,524 | 6,832 | 1,308 |
| Intergovernmental | 8,111 | 8,111 | 8,896 | 785 |
| Charges for service | 35,587 | 35,387 | 34,968 | (419) |
| Fines and forfeitures | 10,541 | 10,581 | 11,566 | 985 |
| Investment income | 5,277 | 5,277 | 3,780 | (1,497) |
| Miscellaneous | 2,251 | 2,416 | 3,032 | 616 |
| Total revenues | <u>245,226</u> | <u>245,491</u> | <u>252,664</u> | <u>7,173</u> |
| Expenditures | | | | |
| Administration and support | 22,999 | 25,407 | 23,671 | 1,736 |
| Public works and transportation | 30,115 | 30,925 | 29,838 | 1,087 |
| Social and economic development | 10,607 | 11,154 | 10,245 | 909 |
| Public safety and protection | 158,836 | 164,522 | 161,687 | 2,835 |
| Culture and recreation | 14,291 | 14,747 | 14,590 | 157 |
| Payments to component units | 7,450 | 7,450 | 7,450 | - |
| Total expenditures | <u>244,298</u> | <u>254,205</u> | <u>247,481</u> | <u>6,724</u> |
| Excess (deficiency) of revenues over expenditures | 928 | (8,714) | 5,183 | 13,897 |
| Other financing sources (uses) | | | | |
| Transfers in | 600 | 600 | 1,050 | 450 |
| Transfers out | (9,599) | (10,652) | (10,601) | 51 |
| Total other financing uses | <u>(8,999)</u> | <u>(10,052)</u> | <u>(9,551)</u> | <u>501</u> |
| Net change in fund balances | <u>(8,071)</u> | <u>(18,766)</u> | <u>(4,368)</u> | <u>14,398</u> |
| Fund balances, beginning of year (budgetary basis) | 39,445 | 39,445 | 39,445 | - |
| Fund balances, end of year (budgetary basis) | <u>\$ 31,374</u> | <u>\$ 20,679</u> | <u>35,077</u> | <u>\$ 14,398</u> |
| Reconciliation to GAAP basis - basis differences: | | | | |
| Reserve for encumbrances | | | 9,300 | |
| Reserve for advances | | | 606 | |
| Receivables | | | 26,245 | |
| Non-budgetary payables | | | (1,380) | |
| Unearned revenue | | | (119) | |
| Decrease in fair value of investments | | | 1,406 | |
| Fund balance (GAAP basis) | | | <u>\$ 71,135</u> | |
| Fund balance: | | | | |
| Reserved for: | | | | |
| Body armor | | | 98 | |
| Metropolitan Tulsa Transit Authority | | | 201 | |
| Imprest cash | | | 113 | |
| Repayment of grants | | | 766 | |
| Designated for: | | | | |
| Working capital | | | 15,234 | |
| Unreserved, undesignated | | | 18,665 | |
| Fund balance (budgetary basis) | | | <u>\$ 35,077</u> | |

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2012
(amounts expressed in thousands)

| | Business-type Activities Enterprise Funds | | | | | | Governmental Activities-- Internal Service Funds |
|--|--|-----------------------------|---------------------------------|---------------------------|-------------------------------|-------------------|--|
| | Stormwater Management | One Technology Center | Arena & Convention Center | Tulsa Stadium Trust | Nonmajor - Golf Courses | Total | |
| ASSETS | | | | | | | |
| Current assets: | | | | | | | |
| Cash and cash equivalents | \$ 11,372 | \$ 3,508 | \$ 13,181 | \$ 288 | \$ 307 | \$ 28,656 | \$ 20,193 |
| Cash and cash equivalents, restricted | - | - | - | - | - | - | 12,351 |
| Receivables, net | 2,862 | 132 | 1,427 | 155 | 8 | 4,584 | 33 |
| Advances to other funds, restricted | - | - | - | - | - | - | 407 |
| Prepaid expenses | - | 154 | 340 | - | - | 494 | - |
| Inventories, net | - | - | 225 | - | 68 | 293 | 666 |
| | <u>14,234</u> | <u>3,794</u> | <u>15,173</u> | <u>443</u> | <u>383</u> | <u>34,027</u> | <u>33,650</u> |
| Noncurrent assets: | | | | | | | |
| Cash and cash equivalents, restricted | 5,427 | 5,512 | 3,523 | - | 299 | 14,761 | - |
| Receivables, net | 16 | - | - | - | - | 16 | 15,195 |
| Advances to other funds, restricted | - | - | 1,108 | - | - | 1,108 | - |
| Other | - | 584 | 1,343 | 1 | - | 1,928 | 895 |
| Nondepreciable capital assets | 72,930 | 2,791 | 9,204 | 6,763 | 2,760 | 94,448 | 5,049 |
| Depreciable capital assets, net | 229,324 | 51,180 | 213,606 | 41,158 | 5,340 | 540,608 | 3,146 |
| | <u>307,697</u> | <u>60,067</u> | <u>228,784</u> | <u>47,922</u> | <u>8,399</u> | <u>652,869</u> | <u>24,285</u> |
| Total assets | <u>321,931</u> | <u>63,861</u> | <u>243,957</u> | <u>48,365</u> | <u>8,782</u> | <u>686,896</u> | <u>57,935</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | |
| Deferred charge on refunding | - | - | - | - | 6 | 6 | - |
| LIABILITIES | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts payable and accrued liabilities | 1,546 | 956 | 2,058 | 756 | 122 | 5,438 | 1,498 |
| Unearned revenue | - | 235 | 7,344 | - | - | 7,579 | 1,244 |
| Due to other funds | - | - | 325 | - | - | 325 | 7,882 |
| Workers compensation claims | - | - | - | - | - | - | 7,640 |
| Current portion of long-term liabilities | 811 | - | 2,260 | 360 | 445 | 3,876 | 2,115 |
| | <u>2,357</u> | <u>1,191</u> | <u>11,987</u> | <u>1,116</u> | <u>567</u> | <u>17,218</u> | <u>20,379</u> |
| Noncurrent liabilities: | | | | | | | |
| Unearned revenue | - | - | 1,522 | - | - | 1,522 | - |
| Workers compensation claims | - | - | - | - | - | - | 12,050 |
| Advances from other funds | - | - | - | - | - | - | 146 |
| Advances from component units | - | - | - | - | - | - | 448 |
| Long-term liabilities | 1,587 | 67,024 | 15,805 | 18,442 | - | 102,858 | 11,334 |
| | <u>1,587</u> | <u>67,024</u> | <u>17,327</u> | <u>18,442</u> | <u>-</u> | <u>104,380</u> | <u>23,978</u> |
| Total liabilities | <u>3,944</u> | <u>68,215</u> | <u>29,314</u> | <u>19,558</u> | <u>567</u> | <u>121,598</u> | <u>44,357</u> |
| NET POSITION (DEFICIT) | | | | | | | |
| Net investment in capital assets | 302,254 | (8,697) | 205,092 | 29,120 | 7,655 | 535,424 | 8,195 |
| Restricted for: | | | | | | | |
| Debt service | - | 1,004 | 2,821 | - | 299 | 4,124 | - |
| Capital projects | 5,443 | 1,265 | - | - | - | 6,708 | - |
| Other purposes | - | 338 | - | 705 | - | 1,043 | - |
| Unrestricted | 10,290 | 1,736 | 6,730 | (1,018) | 267 | 18,005 | 5,383 |
| Total net position (deficit) | <u>\$ 317,987</u> | <u>\$ (4,354)</u> | <u>\$ 214,643</u> | <u>\$ 28,807</u> | <u>\$ 8,221</u> | <u>565,304</u> | <u>\$ 13,578</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | | | (1,844) | |
| Net position of business-type activities | | | | | | <u>\$ 563,460</u> | |

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year ended June 30, 2012
(amounts expressed in thousands)

| | Business-type Activities Enterprise Funds | | | | | | Governmental Activities-- Internal Service Funds |
|--|--|-----------------------------|---------------------------------|---------------------------|-------------------------------|-------------------|--|
| | Stormwater Management | One Technology Center | Arena & Convention Center | Tulsa Stadium Trust | Nonmajor - Golf Courses | Total | |
| Operating revenues | | | | | | | |
| Charges for services | \$ 22,950 | \$ 9,361 | \$ 12,012 | \$ 163 | \$ 2,574 | \$ 47,060 | \$ 16,991 |
| Insurance premiums | - | - | - | - | - | - | 21,360 |
| Workers compensation premiums | - | - | - | - | - | - | 5,515 |
| Other | 654 | 40 | - | 83 | - | 777 | 679 |
| | <u>23,604</u> | <u>9,401</u> | <u>12,012</u> | <u>246</u> | <u>2,574</u> | <u>47,837</u> | <u>44,545</u> |
| Operating expenses | | | | | | | |
| Salaries and wages | 8,906 | 652 | - | - | - | 9,558 | 4,192 |
| Materials and supplies | 828 | 99 | - | - | - | 927 | 10,075 |
| Other services and charges | 9,301 | 4,248 | 10,661 | 427 | 3,215 | 27,852 | 3,299 |
| Workers compensation claims | - | - | - | - | - | - | 8,666 |
| Insurance claims and premiums | - | - | - | - | - | - | 22,062 |
| Depreciation and amortization | 8,627 | 1,879 | 11,011 | 1,935 | 443 | 23,895 | 193 |
| | <u>27,662</u> | <u>6,878</u> | <u>21,672</u> | <u>2,362</u> | <u>3,658</u> | <u>62,232</u> | <u>48,487</u> |
| Operating income (loss) | <u>(4,058)</u> | <u>2,523</u> | <u>(9,660)</u> | <u>(2,116)</u> | <u>(1,084)</u> | <u>(14,395)</u> | <u>(3,942)</u> |
| Nonoperating revenues (expenses) | | | | | | | |
| Investment income | 210 | 63 | 25 | - | 6 | 304 | 123 |
| Interest expense | - | (3,556) | (1,151) | (1,241) | (37) | (5,985) | (2) |
| Property taxes | - | - | - | - | - | - | 4,831 |
| Gain on sale of equipment | 8 | 2 | - | - | 2 | 12 | 16 |
| Contributions | - | - | - | 308 | - | 308 | - |
| Other, net | 6 | - | - | - | - | 6 | 36 |
| Net nonoperating revenues (expenses) | <u>224</u> | <u>(3,491)</u> | <u>(1,126)</u> | <u>(933)</u> | <u>(29)</u> | <u>(5,355)</u> | <u>5,004</u> |
| Income (loss) before capital contributions and transfers | <u>(3,834)</u> | <u>(968)</u> | <u>(10,786)</u> | <u>(3,049)</u> | <u>(1,113)</u> | <u>(19,750)</u> | <u>1,062</u> |
| Capital contributions | 1,072 | 263 | 4,336 | - | 1,152 | 6,823 | 22 |
| Transfers in | 3,019 | - | 5,279 | 2,109 | 950 | 11,357 | 991 |
| Transfers out | (294) | - | - | - | - | (294) | - |
| Change in net position | <u>(37)</u> | <u>(705)</u> | <u>(1,171)</u> | <u>(940)</u> | <u>989</u> | <u>(1,864)</u> | <u>2,075</u> |
| Net position (deficit) - beginning of year, as restated | 318,024 | (3,649) | 215,814 | 29,747 | 7,232 | | 11,503 |
| Net position (deficit) - end of year | <u>\$ 317,987</u> | <u>\$ (4,354)</u> | <u>\$ 214,643</u> | <u>\$ 28,807</u> | <u>\$ 8,221</u> | | <u>\$ 13,578</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | | | (75) | |
| Change in net position of business-type activities | | | | | | <u>\$ (1,939)</u> | |

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2012
(amounts expressed in thousands)

| | Business-type Activities | | | | | | Governmental Activities-- Internal Service Funds |
|--|--------------------------|-----------------------------|---------------------------------|---------------------------|-------------------------------|------------------|--|
| | Enterprise Funds | | | | | | |
| | Stormwater Management | One Technology Center | Arena & Convention Center | Tulsa Stadium Trust | Nonmajor - Golf Courses | Total | |
| Cash flows from operating activities: | | | | | | | |
| Receipts from customers | \$ 23,391 | \$ 9,376 | \$ 13,980 | \$ 246 | \$ 2,567 | \$ 49,560 | \$ 82,957 |
| Payments to suppliers | (8,889) | (4,054) | (11,458) | (448) | (3,361) | (28,210) | (63,622) |
| Payments to employees | (8,927) | (640) | - | - | - | (9,567) | (4,057) |
| Other payments | (1,572) | - | - | - | - | (1,572) | - |
| Net cash provided (used) by operating activities | 4,003 | 4,682 | 2,522 | (202) | (794) | 10,211 | 15,278 |
| Cash flows from noncapital financing activities: | | | | | | | |
| Property taxes received | - | - | - | - | - | - | 3,910 |
| Noncapital gifts and contributions received | - | - | - | 338 | - | 338 | - |
| Payments from interfund activity | - | - | 1,280 | - | 950 | 2,230 | (61) |
| Proceeds from insurance reimbursements | - | - | - | - | - | - | 36 |
| Net cash provided by financing activities | - | - | 1,280 | 338 | 950 | 2,568 | 3,885 |
| Cash flows from capital and related financing activities: | | | | | | | |
| Acquisition and construction of capital assets | (6,911) | (577) | (259) | (1,083) | (102) | (8,932) | (1,015) |
| Payments from interfund activity | - | - | - | 2,108 | - | 2,108 | 991 |
| Principal paid on debt | - | - | (2,065) | (339) | (430) | (2,834) | - |
| Interest paid on debt | - | (3,738) | (1,204) | (1,217) | (23) | (6,182) | - |
| Proceeds from sale of capital assets | 98 | 2 | - | - | 2 | 102 | 16 |
| Proceeds from issuance of debt | - | - | - | 750 | - | 750 | - |
| Payments from financing activities | - | - | - | (127) | - | (127) | - |
| Transfers in | 3,018 | - | 3,520 | - | - | 6,538 | - |
| Transfers out | (294) | - | - | - | - | (294) | - |
| Net cash provided (used) by capital and related financing activities | (4,089) | (4,313) | (8) | 92 | (553) | (8,871) | (8) |
| Cash flows from investing activities: | | | | | | | |
| Interest earned | 168 | 57 | 81 | 1 | 5 | 312 | 103 |
| Repayments on notes receivable | - | 311 | - | - | - | 311 | - |
| Proceeds from sale or maturities of investments | - | 1,261 | 1,585 | - | - | 2,846 | - |
| Net cash provided by investing activities | 168 | 1,629 | 1,666 | 1 | 5 | 3,469 | 103 |
| Net increase (decrease) in cash and cash equivalents | 82 | 1,998 | 5,460 | 229 | (392) | 7,377 | 19,258 |
| Cash and cash equivalents, beginning | 16,717 | 7,022 | 11,244 | 59 | 998 | 36,040 | 13,286 |
| Cash and cash equivalents, end of year | \$ 16,799 | \$ 9,020 | \$ 16,704 | \$ 288 | \$ 606 | \$ 43,417 | \$ 32,544 |
| Reconciliation of cash and cash equivalents to the Statement of Net Position: | | | | | | | |
| Cash and cash equivalents | 11,372 | 3,508 | 13,181 | 288 | 307 | 28,656 | 20,193 |
| Cash and cash equivalents - restricted | 5,427 | 5,512 | 3,523 | - | 299 | 14,761 | 12,351 |
| Total cash and cash equivalents | \$ 16,799 | \$ 9,020 | \$ 16,704 | \$ 288 | \$ 606 | \$ 43,417 | \$ 32,544 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | | | | | | |
| Operating income (loss) | (4,058) | 2,523 | (9,660) | (2,116) | (1,084) | (14,395) | (3,942) |
| Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | | | |
| Depreciation and amortization | 8,627 | 1,879 | 11,011 | 1,935 | 443 | 23,895 | 193 |
| (Increase) decrease in accounts receivable and other assets | (259) | 129 | (92) | - | 21 | (201) | 38,590 |
| Increase (decrease) in accounts payable and other liabilities | (307) | 151 | 1,263 | (21) | (174) | 912 | (19,563) |
| Net cash provided (used) by operating activities | \$ 4,003 | \$ 4,682 | \$ 2,522 | \$ (202) | \$ (794) | \$ 10,211 | \$ 15,278 |
| NON-CASH TRANSACTIONS: | | | | | | | |
| Capital contributions | \$ 1,072 | \$ 263 | \$ 4,336 | \$ - | \$ 1,152 | \$ 6,823 | \$ - |
| Capital acquisitions in accounts payable and retainage | \$ - | \$ - | \$ 6 | \$ - | \$ - | \$ 6 | \$ 206 |

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2012
(amounts expressed in thousands)

| | Municipal Employees Pension Trust | Agency Funds |
|--|--|-----------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 7,065 | \$ 6,351 |
| Investments: | | |
| US Government obligations | 35,293 | - |
| Corporate bonds | 17,455 | - |
| Preferred stock | 888 | - |
| Common stock | 21,866 | - |
| Foreign obligations | 2,660 | - |
| Mutual funds | 257,082 | - |
| Timber | 11,479 | - |
| Accounts receivable | 222 | 567 |
| Investment income receivable | 322 | - |
| Total assets | 354,332 | 6,918 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 3,154 | 1,227 |
| Deposits payable | - | 5,691 |
| Total liabilities | 3,154 | \$ 6,918 |
| NET POSITION | | |
| Held in trust for pension benefits | 351,178 | |
| Total net position | \$ 351,178 | |

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year ended June 30, 2012
(amounts expressed in thousands)

| | Municipal Employees Pension Trust |
|---|--|
| ADDITIONS | |
| Investment Income: | |
| Net appreciation in fair value of investments | \$ 648 |
| Interest | 2,237 |
| Dividends | 2,239 |
| | 5,124 |
| Less: investment expense | (819) |
| Net investment income | 4,305 |
| Contributions: | |
| Employer | 12,583 |
| Plan members | 5,483 |
| | 18,066 |
| Total additions | 22,371 |
| DEDUCTIONS | |
| Benefits | 28,007 |
| Refunds of contributions | 968 |
| Administrative expense | 280 |
| Total deductions | 29,255 |
| Change in net position | (6,884) |
| NET POSITION | |
| Held in trust for pension benefits, beginning of year | 358,062 |
| Held in trust for pension benefits, end of year | \$ 351,178 |

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2012
(amounts expressed in thousands)

| | Tulsa Metropolitan Utility Authority | Tulsa Authority for Recovery of Energy | Tulsa Airports | Other Component Units | Total Component Units |
|--|---|---|-------------------|-----------------------------|-----------------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 70,295 | \$ 12,721 | \$ 16,623 | \$ 8,936 | \$ 108,575 |
| Cash and cash equivalents - restricted | - | - | 305 | 1,510 | 1,815 |
| Investments | - | - | - | 2,533 | 2,533 |
| Receivables, net | 23,263 | 2,624 | 3,651 | 950 | 30,488 |
| Inventories | 2,101 | - | 1,292 | 481 | 3,874 |
| Other current assets | - | - | - | 397 | 397 |
| Other current assets - restricted | - | - | 220 | - | 220 |
| | <u>95,659</u> | <u>15,345</u> | <u>22,091</u> | <u>14,807</u> | <u>147,902</u> |
| Noncurrent assets: | | | | | |
| Cash and cash equivalents - restricted | 49,024 | - | 17,715 | 13,527 | 80,266 |
| Investments | - | - | 1,033 | 439 | 1,472 |
| Investments - restricted | 45,596 | - | 23,850 | - | 69,446 |
| Advances to primary government - restricted | 1,151 | - | - | - | 1,151 |
| Advances to primary government | - | 448 | 127 | - | 575 |
| Receivables, net | - | - | - | 4,000 | 4,000 |
| Receivables, net - restricted | 141 | - | 716 | 10,418 | 11,275 |
| Land held for resale, net | - | - | - | 4,279 | 4,279 |
| Land held for resale, net - restricted | - | - | - | 724 | 724 |
| Equity interest in joint ventures | 12,000 | - | - | - | 12,000 |
| Other noncurrent assets | - | - | 414 | - | 414 |
| Nondepreciable capital assets | 103,268 | - | 156,243 | 17,195 | 276,706 |
| Depreciable capital assets, net | 973,115 | 4,204 | 191,442 | 51,786 | 1,220,547 |
| | <u>1,184,295</u> | <u>4,652</u> | <u>391,540</u> | <u>102,368</u> | <u>1,682,855</u> |
| Total assets | <u>1,279,954</u> | <u>19,997</u> | <u>413,631</u> | <u>117,175</u> | <u>1,830,757</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | | | |
| Deferred charge on refunding | 1,172 | - | 7,887 | 901 | 9,960 |
| | <u>1,172</u> | <u>-</u> | <u>7,887</u> | <u>901</u> | <u>9,960</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable and accrued liabilities | 6,358 | 1,999 | 196 | 2,538 | 11,091 |
| Unearned revenue | - | - | 293 | 925 | 1,218 |
| Current portion of long-term liabilities | 30,069 | 314 | 9,215 | 147 | 39,745 |
| Accounts payable and accrued liabilities- restricted | 10,749 | - | 8,524 | - | 19,273 |
| Deposits subject to refund - restricted | 9,226 | - | 78 | - | 9,304 |
| | <u>56,402</u> | <u>2,313</u> | <u>18,306</u> | <u>3,610</u> | <u>80,631</u> |
| Noncurrent liabilities: | | | | | |
| Advances from primary government | - | - | - | 326 | 326 |
| Unearned revenue | - | - | - | 4 | 4 |
| Deposits subject to refund | - | - | - | 225 | 225 |
| Deposits subject to refund - restricted | - | - | - | 55 | 55 |
| Long-term liabilities, net | 370,957 | 543 | 151,517 | 19,989 | 543,006 |
| | <u>370,957</u> | <u>543</u> | <u>151,517</u> | <u>20,599</u> | <u>543,616</u> |
| Total liabilities | <u>427,359</u> | <u>2,856</u> | <u>169,823</u> | <u>24,209</u> | <u>624,247</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 760,517 | 4,204 | 194,869 | 53,044 | 1,012,634 |
| Restricted for: | | | | | |
| Debt service | 11,296 | - | 30,384 | 1,399 | 43,079 |
| Capital projects | - | - | 5,963 | 22,154 | 28,117 |
| Other purposes | - | - | 51 | 1,701 | 1,752 |
| Unrestricted | 81,954 | 12,937 | 20,428 | 15,569 | 130,888 |
| Total net position | <u>\$ 853,767</u> | <u>\$ 17,141</u> | <u>\$ 251,695</u> | <u>\$ 93,867</u> | <u>\$ 1,216,470</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
Year ended June 30, 2012
(amounts expressed in thousands)

| | Tulsa Metropolitan Utility Authority | Tulsa Authority for Recovery of Energy | Tulsa Airports | Other Component Units | Total Component Units |
|---|---|---|-------------------|-----------------------------|-----------------------------|
| Operating revenues | | | | | |
| Water and sewer services | \$ 170,152 | \$ - | \$ - | \$ - | \$ 170,152 |
| Fuel sales and commissions | - | - | 892 | - | 892 |
| Refuse services | - | 21,569 | - | - | 21,569 |
| Property rentals | - | - | 29,675 | 412 | 30,087 |
| Parking revenues | - | - | - | 6,263 | 6,263 |
| Transit services | - | - | - | 3,233 | 3,233 |
| Event revenues | - | - | - | 121 | 121 |
| Other income | - | - | 130 | 4,159 | 4,289 |
| | <u>170,152</u> | <u>21,569</u> | <u>30,697</u> | <u>14,188</u> | <u>236,606</u> |
| Operating expenses | | | | | |
| Salaries and wages | 48,117 | 3,295 | 8,860 | 9,600 | 69,872 |
| Materials and supplies | 13,047 | - | 1,071 | 3,528 | 17,646 |
| Other services and charges | 55,725 | 19,011 | 11,314 | 9,617 | 95,667 |
| Unrealized loss on land held for resale | - | - | - | 89 | 89 |
| Depreciation | 33,495 | 328 | 13,131 | 5,026 | 51,980 |
| | <u>150,384</u> | <u>22,634</u> | <u>34,376</u> | <u>27,860</u> | <u>235,254</u> |
| Operating income (loss) | <u>19,768</u> | <u>(1,065)</u> | <u>(3,679)</u> | <u>(13,672)</u> | <u>1,352</u> |
| Nonoperating revenues (expenses) | | | | | |
| Investment income | 1,071 | 176 | 813 | 220 | 2,280 |
| Interest expense | (11,023) | - | (9,943) | (867) | (21,833) |
| Sales taxes | - | - | - | 436 | 436 |
| Property taxes | 3,491 | - | - | 957 | 4,448 |
| Federal and state grant revenues | - | - | 8,300 | 6,146 | 14,446 |
| Contributions | - | - | - | 494 | 494 |
| Payments from primary government | - | - | 190 | 11,629 | 11,819 |
| Payments to primary government | - | - | - | (668) | (668) |
| Payments from component unit | - | - | - | 585 | 585 |
| Payments to component unit | - | - | - | (585) | (585) |
| Gain on disposition of capital assets | 474 | 124 | 17 | - | 615 |
| Other, net | - | (87) | 174 | 47 | 134 |
| | <u>(5,987)</u> | <u>213</u> | <u>(449)</u> | <u>18,394</u> | <u>12,171</u> |
| Income (loss) before capital contributions, grants and charges | <u>13,781</u> | <u>(852)</u> | <u>(4,128)</u> | <u>4,722</u> | <u>13,523</u> |
| Federal and state capital grant revenues | - | - | 14,654 | 11,015 | 25,669 |
| Capital contributions | 2,705 | - | - | 106 | 2,811 |
| Capital contributions to primary government | - | - | - | (5,056) | (5,056) |
| Capital contributions from primary government | 4,757 | - | - | 315 | 5,072 |
| | <u>7,462</u> | <u>-</u> | <u>14,654</u> | <u>6,380</u> | <u>28,496</u> |
| Change in net position | <u>21,243</u> | <u>(852)</u> | <u>10,526</u> | <u>11,102</u> | <u>42,019</u> |
| Net position - beginning of year, as restated | 832,524 | 17,993 | 241,169 | 82,765 | 1,174,451 |
| Net position - end of year | <u>\$ 853,767</u> | <u>\$ 17,141</u> | <u>\$ 251,695</u> | <u>\$ 93,867</u> | <u>\$ 1,216,470</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
RECAST OF THE COMBINING STATEMENT OF CHANGES IN NET POSITION INTO THE
STATEMENT OF ACTIVITIES FORMAT
DISCRETELY PRESENTED COMPONENT UNITS
Year ended June 30, 2012
(amounts expressed in thousands)

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | | |
|---|----------------------|------------------------------------|----------------------------------|------------|---|----------------|-----------|--------------|
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | TMLUA | TARE | Tulsa Airports | Other | Total |
| Expenses | \$ 161,407 | \$ - | \$ 7,462 | \$ 16,207 | \$ - | \$ - | \$ - | \$ 16,207 |
| Tulsa Metropolitan Utility Authority | 22,721 | - | - | - | (1,152) | - | - | (1,152) |
| Tulsa Authority for Recovery of Energy | 44,319 | 8,300 | 14,654 | - | - | 9,332 | - | 9,332 |
| Tulsa Airports | 35,036 | 6,146 | 11,930 | - | - | - | (2,772) | (2,772) |
| Other | 263,483 | 14,446 | 34,046 | 16,207 | (1,152) | 9,332 | (2,772) | 21,615 |
| General revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Sales taxes | | | | | | | 436 | 436 |
| Property taxes | | | | 3,491 | | | 957 | 4,448 |
| Payments from primary government | | | | | | 190 | 11,629 | 11,819 |
| Payments from component units | | | | | | | 585 | 585 |
| Investment earnings | | | | 1,071 | 176 | 813 | 220 | 2,280 |
| Miscellaneous | | | | | | 174 | 47 | 221 |
| Gain on disposal of capital assets | | | | 474 | 124 | 17 | - | 615 |
| Total general revenues | | | | 5,036 | 300 | 1,194 | 13,874 | 20,404 |
| Change in net position | | | | 21,243 | (852) | 10,526 | 11,102 | 42,019 |
| Net position--beginning of year, restated | | | | 832,524 | 17,993 | 241,169 | 82,765 | 1,174,451 |
| Net position--end of year | | | | \$ 853,767 | \$ 17,141 | \$ 251,695 | \$ 93,867 | \$ 1,216,470 |

The notes to the financial statements are an integral part of this statement.

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(dollar amounts expressed in thousands)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Tulsa, Oklahoma (the "City"), is an Oklahoma municipal corporation governed by an elected mayor and nine-member council.

The financial statements of the City are prepared in accordance with Generally Accepted Accounting Principles in the United States of America ("GAAP") as promulgated by the Governmental Accounting Standards Board ("GASB"), the standard-setting body for governmental accounting and financial reporting.

The City adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of resources and Net Position*, in the current year. The adoption of this Statement changed the presentation of the Entity-Wide, Proprietary and Component Unit financial statements to a statement of net position format.

A. REPORTING ENTITY

The accompanying financial statements present the government and its component units, entities for which the City is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the City's operations and so data from the blended component unit is combined with data of the City, the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the City.

1. Blended Component Units

The Tulsa Public Facilities Authority ("TPFA") - Trustees of TPFA are appointed by the Mayor and approved by the City Council. Although it is legally separate from the City, TPFA 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. Financing activities of this fund are included as an internal service fund and enterprise activities are included as enterprise funds.

Tulsa Stadium Trust ("TST") - A public trust created to acquire, construct, own, operate and maintain a baseball stadium in downtown Tulsa and related amenities and facilities, and to incur indebtedness. Debt issuance requires the approval of two-thirds of the Tulsa City Council. The City is the sole beneficiary of the TST. The Mayor of the City is ex-officio trustee and eight additional trustees are appointed by the Mayor and approved by the City Council. The City is obligated for the debt of TST through the collection of special assessments. The activity of TST is reported as a major enterprise fund.

2. Discretely Presented Component Units

Tulsa Metropolitan Utility Authority ("TMUA") - A public trust created to provide for water delivery utility systems and a wastewater utility. Trustees of TMUA are the same as those on the City's Utility Board. The City is the sole

beneficiary of the trust and will receive all trust properties and resulting revenues upon retirement of all trust indebtedness. The rates for user charges and bond issuance authorization are also approved by the City Council. The City provides staffing to, and maintains the accounting records of TMUA.

Tulsa Authority for Recovery of Energy ("TARE") - A public trust created to provide a system of collection, transportation and disposal of solid waste. Trustees for TARE are appointed by the Mayor and approved by the City Council. The City participates in management decisions and acts as a collection agent by collecting TARE revenues as part of the City's utility bill. The City provides staffing to, and maintains the accounting records of TARE.

Tulsa Airports - Tulsa Airports Improvement Trust ("TAIT") and Tulsa Airports Authority ("TAA") were created to operate and maintain the City's two airports, Tulsa International and Richard L. Jones, Jr. Airports, and to finance capital improvements. The Tulsa International and Richard L. Jones, Jr. Airports have been combined with TAIT and are included in the Tulsa Airports component unit. The purpose of TAIT is to fund airport improvements through the issuance of revenue bonds. All improvements are leased by TAIT to TAA and become the property of the City upon termination of the lease. The City is also designated as the sole beneficiary of the trust. TAIT and TAA trustees are appointed by the Mayor and approved by the City Council.

Tulsa Development Authority ("TDA") - A public authority created to finance urban renewal rehabilitation and redevelopment. Commissioners of TDA are appointed by the Mayor and approved by the City Council. The City approves urban renewal plans and the City must approve all modifications to the plan. The City provides staffing to, and maintains the accounting records of TDA.

Metropolitan Tulsa Transit Authority ("MTTA") - A public trust created to provide public transportation systems and facilities. The Mayor appoints trustees of MTTA. The City is the sole beneficiary and finances a significant portion of annual operations and MTTA cannot incur indebtedness in excess of \$100 within a year without the City's approval.

Tulsa Industrial Authority ("TIA") - A public trust created to provide for the issuance of industrial development bonds upon approval by the City Council, and to lend the proceeds of such issuance to third party organizations. The bonds do not constitute debt of the City and are collateralized solely by the revenues of the borrowing organizations upon whose behalf the bonds are issued. The Mayor of the City is ex-officio trustee and seven additional trustees are appointed by the Mayor and approved by the City Council.

Tulsa Parking Authority ("TPA") - A public trust created by the City to construct and manage various parking facilities within the City. Trustees of TPA consist of the Mayor and four trustees who are appointed by the Mayor. The City provides certain resources to TPA. The City is the sole

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(dollar amounts expressed in thousands)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

beneficiary of TPA and will receive the remaining assets of TPA upon termination. The City provides staffing to, and maintains the accounting records of TPA.

Tulsa Performing Arts Center Trust ("TPACT") - A public trust created to assist the City in operating the Tulsa Performing Arts Center and to sponsor events promoting the use of the Tulsa Performing Arts Center. Trustees are appointed by the Mayor and approved by the City Council. The City is the sole beneficiary of the Trust.

Separate financial statements for the individual component units are available upon request to the Office of the Controller, 175 East 2nd Street, Suite 885, Tulsa, OK 74103.

Governmental accounting standards require reasonable separation between the primary government (including its blended component units) and its discretely presented component units, both in the financial statements and in the related notes and required supplementary information.

Because the discretely presented component units, although legally separate, have been and are operated as if each is part of the primary government, there are limited instances where special note reference or separation will be required. If no separate note reference or categorization is made, the user should assume that information presented is equally applicable.

B. JOINT VENTURES AND RELATED ORGANIZATIONS

1. Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility.

The City participates in the following joint ventures:

Emergency Medical Services Authority ("EMSA") - EMSA is a public trust created to provide emergency medical care and transportation and is governed by a ten-member board composed of five appointees from the City and five from other Oklahoma cities and towns. In accordance with the joint venture agreement, Tulsa and Oklahoma City are entitled to their respective share of annual operating income or loss. The City's equity interest in EMSA is \$13,244. Complete financial statements for EMSA can be obtained from EMSA's Chief Financial Officer, 1417 North Lansing, Tulsa, Oklahoma 74106.

River Parks Authority ("RPA") - The City is a participant with Tulsa County in a joint venture to operate and maintain a park along the Arkansas River. RPA, a trust, was created for that purpose. The City and Tulsa County contribute to the annual operating budget of RPA. The Board of Trustees comprises seven members, three appointed by the City, three appointed by the County, and

one by the Tulsa Metropolitan Area Planning Commission. Complete financial statements for RPA can be obtained from the Executive Director, 717 S. Houston, Suite 10, Tulsa, Oklahoma 74127. The City does not have an equity interest in this organization.

Regional Metropolitan Utility Authority ("RMUA") - The City is a participant with the City of Broken Arrow, Oklahoma, to operate a sewage treatment facility. The Authority ("RMUA"), a trust, was created for that purpose. The City contributes approximately one-half of the Authority's annual operating and capital budget and operates a facility for RMUA and leases the facility site to the Authority. The City appoints two of the ten Trustees. The remaining Trustees are appointed two each by the four other participating cities. Services are provided approximately 50% each to the City and the City of Broken Arrow. Upon termination of the trust, the net assets will be distributed to the beneficiaries based upon their pro rata interest. The City's equity interest of \$11,986 is reported in TMUA's statement of net assets. Complete financial statements for RMUA can be obtained from the Office of the Controller, City of Tulsa, 175 East 2nd Street, Suite 885, Tulsa, OK 74103.

2. Related Organizations

The City's officials are also responsible for appointing the board members of other organizations; however, the City's accountability for those organizations does not extend beyond the making of appointments.

The following organizations are related organizations that are excluded from the reporting entity:

Tulsa Housing Authority ("THA") - Commissioners of the Authority are appointed by the Mayor, however, the City does not provide funding, has no obligation for the debt issued by THA and cannot impose its will.

City of Tulsa/Rogers County Port Authority ("TRCPA") - The City appoints six of the nine Board members of TRCPA. The City does not provide any funding to TRCPA.

Tulsa City-County Health Department ("TCCHD") - The City appoints five of the nine TCCHD Board members. The City does not provide any funding to the TCCHD.

Tulsa City-County Library ("TCCL") - The Tulsa City-County Library Board is composed of eleven members, of which the City appoints six. The City does not provide any funding to the TCCL.

Tulsa Municipal Airport Trust ("TMAT") - The Mayor of the City is ex-officio trustee and the additional four trustees are approved by the City Council. The City does not provide any funding to TMAT and has no obligation for the debt issued by TMAT.

OSU Medical Center Trust ("OSUMCT") - The Mayor of the City is ex-officio trustee and the additional eight trustees are approved by the City Council. The City does not provide any funding to OSUMCT and has no obligation for the debt issued by OSUMCT.

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(dollar amounts expressed in thousands)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3. Jointly Governed Organizations

The following organizations are jointly governed organizations that are excluded from the City's reporting entity. These organizations are not a joint venture because the City does not retain an on-going financial interest or an on-going financial responsibility.

The City, in conjunction with Tulsa County and other municipalities, has created the following organizations:

Tulsa County Criminal Justice Authority ("TCCJA") --The TCCJA was created for the purpose of acquiring a site and erecting, furnishing, equipping, operating, maintaining, remodeling and repairing a county jail and other detention facilities owned or operated by Tulsa County. TCCJA is administered by a seven person Board of Trustees comprising three Tulsa County Commissioners, the Mayor of the City of Tulsa ("ex-officio trustees"), and the Mayors of three additional cities situated in whole or in part within the limits of Tulsa County. The City does not provide any funding to the TCCJA.

Tulsa County Vision 2025 Authority ("TCVA") - The TCVA was created for the purpose of determining the use of County sales tax receipts in excess of capital improvements costs generally known as Vision 2025 projects throughout Tulsa County. TCVA is administered by a seven person Board of Trustees composed of three Tulsa County Commissioners, the Mayor of the City of Tulsa ("ex-officio trustees"), and the Mayors of three additional cities situated in whole or in part within the limits of Tulsa County. The City does not provide any funding to the TCVA.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. In the government-wide statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reflects both the gross and net cost per functional category (public safety, public works, etc.), which are otherwise being supported by general government revenues (property taxes, sales and use taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants.

The program revenues must be directly associated with the function or a business-type activity. Program revenues include revenues from fines and forfeitures, licenses and permits fees, special assessment taxes, and charges for services. The operating grants include

operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (sales taxes, franchise taxes, property taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Non-current assets and liabilities are reported in the governmental activities column in the government-wide statement of net position and are not reflected in the governmental funds balance sheet.

In the fund financial statements the emphasis is on the major funds in either the governmental or business-type categories. Nonmajor funds (by category) or fund type are summarized into a single column.

The enterprise fund statements will match the business-type activity column presented in the government-wide statements.

The governmental funds financial statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the City's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented either on the fund statement or on the page following each statement which briefly explains the adjustments necessary to transform the fund-based financial statements into the governmental column of the government-wide presentation.

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented in the summary form as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity (public safety, public works, etc.).

The City's fiduciary funds are presented in the fund financial statements by type (pension and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(dollar amounts expressed in thousands)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. BASIS OF PRESENTATION

The financial transactions of the City are recorded in individual funds. The various funds are reported by generic classification within the financial statements.

Major funds are determined by criteria - percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined, or in the case of component units, the total of the above plus component units. The nonmajor funds are combined in a single column in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going activity.

Operating expenses include cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

1. Governmental Funds - The City reports the following major governmental funds:

General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund accounts for the accumulation of resources for the payment of general long-term debt and judgments. The City levies annually an ad valorem tax restricted for the retirement of general obligation bonds and judgments along with their associated interest.

Bond Fund accounts for capital improvements that are financed by the City's general obligation bond issues, excluding those accounted for in proprietary funds. (Capital projects fund)

Sales Tax Fund accounts for those capital improvements that are financed by a one-cent sales tax. (Capital projects fund)

2. Proprietary Funds - are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City reports the following proprietary funds:

Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services. In the entity-wide financial statements, these enterprise funds are combined into a single, aggregated presentation as business-type activities. The City reports the following major enterprise funds:

Stormwater Management Fund accounts for a special stormwater utility fee and other revenue dedicated to improving the City's stormwater drainage system.

One Technology Center Fund, a blended TPFA fund, accounts for the operation of the One Technology Center, a 15 story building in downtown Tulsa. The building is occupied by the City of Tulsa and other commercial tenants.

Arena and Convention Centers Fund, a blended TPFA fund, accounts for the operation of the Arena and Convention Center; both are sports and entertainment facilities in downtown Tulsa.

Tulsa Stadium Trust - a blended component unit, created to acquire, construct, own, operate and maintain a baseball stadium in downtown Tulsa and related amenities and facilities, and to incur indebtedness.

3. Internal Service Funds - accounts for employee health benefits, risk management services, vehicle and equipment services, print services and financing.

Employee Insurance Fund accounts for the collection and payment of health, dental, life and long term disability insurance premiums and workers' compensation medical claims, judgments and administrative expenses.

Equipment Management Fund accounts for the maintenance and repair of licensed motor vehicles and their related costs to other departments.

Office Services Fund accounts for office supplies and reproduction services and their related costs charged to user departments.

Tulsa Public Facilities Authority issues debt, the proceeds of which are loaned to the City or to one of its component units.

4. Fiduciary Funds - The pension trust fund accounts for the general municipal employees' retirement trust. The agency fund accounts for monies held on behalf of others.

Municipal Employees Pension Trust (MERP) is used to report resources that are held in trust for the members and beneficiaries of Municipal Employees Pension Fund, a cost-sharing multiple-employer defined benefit retirement plan.

Agency funds are used to report resources held by the City in a purely custodial capacity (assets equal liabilities) and include EMSA Utility Fee, Municipal Court Bonds, Escrow Fund, Police Property Room, Watermain Extension Contract Escrow, Payroll Withholdings, Unclaimed Property and PAC Ticket Office Escrow.

CITY OF TULSA
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012
 (dollar amounts expressed in thousands)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements and the proprietary, fiduciary and component unit fund financial statements are presented on an accrual basis of accounting. The governmental funds in the fund financial statements are presented on a modified accrual basis.

Accrual - Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual - All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The City defined the length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements to be 60 days.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule are long-term liabilities and related interest, if any, is recognized when due.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB No. 33, "Accounting and Financial Reporting for Non-exchange Transactions" the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met should, under most circumstances, be reported as advances by the provider and as unearned revenue by the recipient.

F. BASIS OF BUDGETING

Budget Policy - City Charter and the Oklahoma Municipal Budget Act (Act) require the Mayor to prepare and submit an annual budget to the City Council. A budget is prepared for the General Fund and all Special Revenue Funds, exclusive of most Federal and State Grant Funds and the Special Development Fund. These budgets are prepared on a cash basis plus due from other funds for revenues and transfers, and an accrual basis plus encumbrances for expenditures. The appropriations for these funds cannot exceed the estimated revenues, including investment income, and fund balance. It is unlawful for the City to create or

authorize creation of a deficit in any fund that is subject to the Act.

Budgetary Data - During the year, several supplemental appropriations were necessary. All budget amounts presented in the basic financial statements and accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budgets during the year). Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year.

G. ASSETS, LIABILITIES AND NET POSITION

1. Cash and Cash Equivalents

The City Charter requires all cash belonging to the City to be placed in the custody of the City Treasurer.

A "Pooled Cash" concept is therefore used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in the pooled cash and investment accounts are considered to be cash and cash equivalents.

For purposes of the statement of cash flows, the City considers cash and cash equivalents (including restricted cash and cash equivalents) to be currency on hand, demand deposits with banks, amounts included in pooled cash and investment accounts and liquid investments held outside the pooled fund with a maturity of three months or less when purchased.

2. Investments

Investments are stated at fair value in the statement of net position. Securities traded on a national or international exchange are valued at the last reported sales price, at current exchange rates. If quoted market prices are not available, such as certain Municipal Employees Pension Trust investments, fair value is estimated based on estimated fair values provided by brokerage statements. A net change in fair value of investments is recognized and reported as a change in investment income in the financial statements for the year ended.

The amount of the increase (decrease) for the year is as follows:

| | | |
|----------------------------|-----------|--------------|
| Governmental activities | \$ | 213 |
| Business-type activities | | 1 |
| Component units | | (767) |
| Net decrease in fair value | <u>\$</u> | <u>(553)</u> |

3. Accounts Receivable and Taxes Receivable

Accounts receivable and taxes receivable are shown net of an allowance for uncollectible accounts.

CITY OF TULSA
 NOTES TO BASIC FINANCIAL STATEMENTS
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 (dollar amounts expressed in thousands)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The allowance for general government accounts receivable is derived from the age of the individual receivable with age categories ranging from 30 days past due to three years past due. Uncollectible percentages by revenue category are derived using historical write-off experience and range from 1% to 33%. In the current year \$311 of accounts receivable were written-off.

The allowance for utility services accounts receivable reported in the component units and enterprise funds is derived from the age of the individual receivable. An allowance is established at one-half of the active accounts over 90 days from date of billing plus 100% of the closed accounts over 90 days from date of billing.

4. Inventories

Parts and supplies inventories - are stated at cost (specific identification or first-in, first-out basis), which is not in excess of market. Inventories consist primarily of materials and supplies held for consumption. The cost is recorded as an expense at the time individual inventory items are used.

Land held for resale - Land acquired for rehabilitation and held for resale by TDA and the City is recorded at the lower of cost or fair value (specific identification basis). The cost of land acquired and held for resale by TDA at year end amounted to \$6,165 and was carried at the lower of cost or fair value of \$5,003. The cost of land acquired and held for resale by the City at year end amounted to \$2,635 and was carried at the lower of cost or fair value of \$2,356.

5. Internal Balances

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the entity-wide governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. Within the governmental fund financial statements, advances to other funds are equally offset by a fund balance reserve that indicates they do not constitute available spendable resources.

Due To/Due From - Amounts which are due within one year and owed to one fund or component unit by another are reported as due to other funds or component units.

Advances To/From Other Funds - Amounts which are not due within one year and owed to one fund or component unit by another are reported as advances to/from other funds or component units.

6. Laboratory Facility Use Lease

The City is a party to an agreement with the Oklahoma Board of Regents whereby the City leases from the Oklahoma Board of Regents office and laboratory facilities for a term of 50 years. The lease terms call for the City to pay a proportionate share of the design and construction costs of the facility and, in turn, the City has the right to use the facilities until the

expiration of the lease on June 30, 2058. The lease costs are amortized over the life of the lease. The lease with a carrying value of \$15,562, net of amortization, is reflected in other assets on the Government-wide Statement of Net Position.

7. Capital Assets

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized whereas costs incurred for repairs and maintenance are expensed as incurred.

Depreciation or amortization of capital assets is calculated using the straight-line basis over the following estimated useful lives.

| | Estimated Service Life | Capitalization Threshold |
|-----------------------|------------------------------|-----------------------------|
| Buildings | 20-50 years | \$ 5 |
| Land Improvements | 20-30 years | 5 |
| Equipment | 2-50 years | 5 |
| Water and sewer Lines | 33-100 years | 5 |
| Intangible assets | Indefinite | 5 |
| Streets | 25 years | 100 |
| Bridges | 50 years | 100 |

The City owns a collection of art housed in the Gilcrease Museum. The collection is not capitalized because it meets all the following conditions:

- The collection is held for reasons other than financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved.
- The collection is subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for collections.

Interest is capitalized in proprietary funds and discretely presented component units on assets acquired with tax-exempt debt. The amount of interest capitalized is the net interest expense incurred (interest expense less interest income) from the date of the borrowing until the project is placed into service.

8. Privately Funded Public Improvements

Watermain Extension Contracts - TMUA contracts with various developers for the construction of watermains to provide water service to areas under development.

Upon completion, the new watermains become an extension of the City's existing water distribution system. The contract with the developers provides that the developers initially pay for all construction costs. Repayments to the developers are generally limited to 40% or 60% of the collected revenues generated by the respective watermain extension, not to exceed the total cost as defined in the contract.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The contracts are payable over a ten-year period, and are non-interest bearing. TMUA has no liability after the ten-year period if the respective revenues generated are insufficient to cover the developers' costs. Historically, revenues generated within the ten-year period have been sufficient to permit recovery of the total costs incurred for the respective watermain extensions.

The liability for watermain extension contracts is \$6,402 as of year-end. Annual payments of \$522 are due in accordance with these contracts.

Sewer Line Extensions - Private and non-assessed sewer line extensions contributed to TMUA totaled \$987 during the year.

9. Interest Capitalization

Component units capitalized net interest cost in the amount of \$3,312 related to tax exempt financing for capital construction projects during the year. Component units incurred interest costs of \$25,145 during the year.

Enterprise funds capitalized net interest cost in the amount of \$189 related to tax exempt financing for capital construction projects during the year. Enterprise funds incurred interest costs of \$6,174.

10. Restricted Assets

Certain debt proceeds as well as certain 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.

11. Bond Premiums & Discounts

In the governmental funds, bond premiums & discounts are treated as period costs in the year of issuance.

In proprietary funds, bond premiums and discounts are capitalized and amortized over the term of the bonds using the effective interest method. Bond premiums and discounts are presented as additions and reductions of the face amount of the revenue bonds payable.

As part of the reconciliation and presentation at the government-wide level premiums and discounts in the governmental funds are adjusted and reflected similarly to proprietary funds.

12. Encumbrances - Budgetary Statements

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the funds. Other commitments include encumbrances that have been established for future planned expenditures where the purpose is known but a specific contract with a vendor has not yet been finalized.

13. Fund Balances

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

- *Nonspendable* - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. The governmental action to commit fund balance is typically in the form of a City ordinance.
- *Assigned* - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Mayor through policy approval.
- *Unassigned* - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Spending Policy of the General Fund - The City receives inflows from revenue and other financing sources from numerous sources for use in the General Fund. The Fund will expend those resources on multiple purposes of the local government. The intention of this spending policy is to identify the expenditure order of resource categories for the General Fund. When both restricted and unrestricted resources are available in the General Fund, the following spending policy will apply;

- 1st Restricted
- 2nd Committed
- 3rd Assigned
- 4th Unassigned

The Mayor has the authority to express assignments in the General Fund.

Spending Policy of Other Governmental Funds - The City receives inflows from revenue and other financing sources from various sources for use in Special

CITY OF TULSA
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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Funds. Special Revenue Funds will expend those resources on the specific purpose of the fund.

The intention of this spending policy is to identify the expenditure order of resource categories for all Special Revenue Funds. When both restricted and unrestricted resources are available in a Special Revenue Fund, the following spending policy will apply;

- 1st Restricted
- 2nd Committed
- 3rd Assigned

The Mayor has the authority to express assignments in Special Revenue Funds.

Minimum Fund Balance Policy - The City has adopted a minimum fund balance policy for the General Fund, where by an operating reserve is set and maintained at 6% of General Fund revenues. This operating reserve is contained in the City's annual budget proposed by the Mayor and adopted by the City Council.

14. Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

- *Net Investment in Capital Assets* - This consists of capital assets, net of accumulated depreciation plus deferred inflows/outflows of resources less the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* - This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. \$167,795 in net position is restricted for enabling legislation. When both restricted and unrestricted resources are available for use, it is generally the City's policy to use restricted resources first, then unrestricted resources as they are needed.
- *Unrestricted* - This consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

15. Stabilization Arrangement

The City Charter established a stabilization arrangement. This stabilization arrangement provides that if the City Treasurer projects that total General Fund revenues for the upcoming budget year will exceed the total General Fund revenues for the current budget year by more than four percent (4%), the budget submitted by the Mayor and approved by the City Council shall allocate the fifty percent (50%) of the excess General Fund revenues to the Economic Stabilization Reserve.

If the City Treasurer projects that total General Fund revenues for the upcoming budget year will either (a) be

less than the current budget year's total General Fund revenues, or (b) be less than the highest of any other previous year's total General Fund revenues, the budget submitted by the Mayor and approved by the Council may appropriate up to fifty percent (50%) of the current balance in the Economic Stabilization Reserve, but no more than the shortfall in total General Fund revenues as determined above, to be used for any lawful municipal purpose in the upcoming budget year.

For purposes of calculating any shortfall:

1. If the trigger for withdrawals from the reserve was not met in the current budget year, the City Treasurer shall calculate the shortfall for the upcoming budget year by subtracting the total projected General Fund revenues for the upcoming budget year from the total projected General Fund revenues for the current budget year.
2. If the trigger for withdrawals from the Economic Stabilization Reserve was met in the current budget year, the shortfall shall be calculated by subtracting the total projected General Fund revenues for the upcoming budget year from the highest of any previous year's total General Fund revenues.

The balance in the Economic Stabilization Reserve is zero as of June 30, 2012.

H. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows of resources - In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the items, unavailable revenue, are reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, special assessments and federal and/or state grant revenues. These amounts are deferred and recognized as an inflow of resources in the period that

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

the amounts become available. In the City's government-wide statements only the property tax revenues remain under the full accrual basis or accounting and will become an inflow in the year they are levied.

I. REVENUES, EXPENSES AND EXPENDITURES

Identification of Major Revenue Sources Susceptible to Accrual

In the Governmental Funds, property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

Expenditures are recognized when the related fund liability is incurred except for the following, which are permitted by generally accepted accounting principles.

General obligation long-term debt principal and interest, judgments, compensated absences, pension and other benefits, and other long-term liabilities are reported only when due.

1. Sales Tax Revenue

The City has a 3.167% sales tax levy that is collected monthly by the State of Oklahoma and remitted to the City. The General Fund receives 2% for operations and the remaining 1.167% is placed into Sales Tax Funds and is restricted for capital improvements. The tax is collected by the merchants and remitted to the State. The City receives its tax receipts from the State by the 10th of each month. Vendors owing an average of \$2.5 or more per month to the State are required to remit actual taxes collected plus an estimate of tax collections for the first 15 days of the following month with remittance due by the 20th of that same month. All other vendors are required to remit the actual amount collected (without any estimated tax collections) by the 20th of the following month.

Sales tax revenue is recognized in the period when the underlying exchange transaction occurs and the resources are available.

2. 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 the bonded indebtedness, interest and one-third of all outstanding judgments coming due in the following fiscal year.

After review and approval by the City, the sinking fund estimates are submitted to the County Excise Board to determine the property tax levy. This submission is made by July 20th 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.

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 revenue is reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is levied.

3. Arena Revenues - Naming Rights, Club Sales

Revenues derived from naming rights and club sales are recognized over the life of the agreement, generally 3 to 20 years. Unearned revenue is recorded for amounts received to the extent they exceed amounts earned. Naming rights revenue of \$550 has been recognized in the current year.

4. Grant Revenue

The City, a recipient of grant revenues, recognizes revenues (net of estimated uncollectible amounts, if any), when all applicable eligibility requirements are met. Resources transmitted to the City before the eligibility requirements are met are reported as unearned revenues.

Some grants and contributions consist of capital assets or resources that are restricted for capital purposes - to purchase, construct, or renovate capital assets associated with a specific program. These are reported separately from grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the City.

5. Commercial Lease Revenue

In September 2007, the TPFA acquired a building in downtown Tulsa known as the One Technology Center. The building containing approximately 626,000 square feet has been used to consolidate City operations previously located in several locations in or near the central business district in downtown Tulsa.

In addition to acquiring the building, the TPFA assumed existing commercial leases to various tenants occupying approximately 183,000 square feet. The leases are comprised of both cancelable and noncancelable leases for periods up to ten years. Annual revenue from these leases averages approximately \$3,253 through 2018.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6. Investment Income

Investment income from pooled cash and investments is allocated monthly based on the percentage of a fund's average daily equity in pooled cash and investments to the total average daily pooled equity in pooled cash and investments. Investment earnings and losses from the special revenue, agency, debt service, and bond funds are reported as investment earnings of the general fund.

7. Unearned Revenue

Unearned revenue represents payments and/or revenue received but not yet recognized since it has not been earned. Unearned revenue is primarily composed of money received for health insurance premiums, sponsorships and Federal and/or State grants in advance of services to be provided.

8. Interfund Transactions

Interfund transactions are loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services, deemed to be reasonably equivalent in value, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are presented as transfers. Transfers within governmental activities or within business-type activities are eliminated upon consolidation in the government-wide statements.

9. Payments between the City and Component Units

Resource flows (except those that affect the statement of net position/balance sheet only, such as loans and repayments) between a primary government and its discretely presented component units are reported as external transactions—that is, as revenues and expenses. Resource flows between the primary government and blended component units are classified as internal activity in the financial statements.

Payments to component units are primarily subsidized funding for capital construction projects financed with sales tax revenues for the benefit of the component units. In addition, included in payments to component units, is the City subsidy to MTTA for bus and other transportation services.

10. 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 that may be earned in one calendar year.

Accumulated vacation leave vests, and the City is obligated to make payment if the employee terminates. The liability for compensated absences attributable to the City's governmental funds is recorded in the entity-

wide statements. The amount attributable to the business-type activities is charged to expense with a corresponding liability established in the entity-wide statements as well as the applicable business-type funds.

Sick leave accrues at rates based on the classification of employee and years of service. Sick leave for members of the City's Labor and Trade union, Tulsa Police Department, and the Tulsa Fire Department is based upon the current labor contract. For nonunion employees, sick leave accrues in accordance with the City's personnel policy guideline. Vested sick leave is payable upon retirement, disability, or death based on the employee's classification, as follows:

- Labor and Trade union members whose service is terminated for reason of retirement, disability, or death are paid for one-half of accrued sick leave in excess of 29 days.
- Police Officers may convert sick leave over 120 days to vacation leave. Upon retirement or death, those with at least 20 years of service shall receive payment for one-half accrued sick leave up to a maximum of 60 days.
- Firefighters are paid, upon retirement or death, sick leave accrued in excess of 55 24-hour shifts or 161.7 8-hour shifts.
- All other City employees may convert any sick leave in excess of 120 days to vacation leave. Upon retirement or death, the employee is eligible to receive payment for one-third of the 120 days.

11. Other Post-Employment Benefits

The City of Tulsa offers a post-employment health insurance benefit whereby the City provides a subsidy for the cost of health care insurance for those retirees remaining with the City's group health plan. The post-employment benefits are not a part of a qualified plan and are on a pay as you go basis.

12. Operating Subsidies, Grants and Impact Fees

Subsidies and grants to proprietary funds, which finance either capital or current operations, are recorded as non-operating revenue.

The City's wastewater treatment policy requires restriction of all monies collected as impact fees. These fees represent a capacity charge for the proportionate share of the cost of expanding, over-sizing, separating or constructing new additions to the wastewater system.

The City is obligated to expend these funds only to provide expanded capacity to the system and is permitted to pay applicable debt service on one or more series of bonds.

13. Judgments

Judgments (tort liabilities) rendered against the City are funded through subsequent property tax levies over a three-year period beginning with the first year of the judgment. Levies for District Court judgments are

CITY OF TULSA
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 (dollar amounts expressed in thousands)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

reported in the debt service fund whereas levies for workers' compensation judgments are recorded in the employee insurance fund.

During the intervening time period from the time the judgment is rendered until the judgment is ultimately funded by the debt service fund, the City is permitted by state statutes to use funds available from a fund other than the debt service fund to pay the judgment creditor in full and effectively acquire in exchange, the judgment creditor's rights to the future cash flows and interest earnings on those cash flows.

Under state statutes, three conditions must be met related to the judgments for the City to invest in its judgments:

1. A judgment is rendered
2. By a court of record and
3. The judgment is against the City

Under the City's investment policy, the City uses available funds from its pooled cash and investments portfolio to purchase judgments as investments, just as it purchases treasury instruments and other permissible investments within its cash and investments portfolio. Accordingly, the City does not record interfund activity related to the above transactions.

J. 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 reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Net Position/Fund Balance Deficit

Office Services - An internal service fund, has a net deficit of \$84 resulting from a decrease in operating revenue and an increase in operating expenses. It is the City's intent to set future fees in amounts sufficient to fund current expenditures and eliminate the deficit.

One Technology Center - An enterprise fund, has a net deficit of \$4,354 resulting from insufficient operating income to cover interest payments on outstanding debt. It is the City's intent to secure additional revenues and manage expenses to eliminate the deficit.

2. Federal Financial Assistance - Disallowed Cost

The U.S. Department of Housing and Urban Development (HUD) disallowed \$3,538 of charges for ineligible CDBG program expenditures related to prior program activity. The City has accrued a liability for this disallowed cost as a governmental activities long-term liability.

3. Restatements

As a result of the adoption of GASB Statement No. 65, the beginning net position of the governmental activities, aggregate business-type activities, aggregate component units, business-type activities - enterprise funds: One Technology Center, Arena & Convention Center, TST and Golf Courses are restated. The effect on year 2011 is as follows:

| <i>Primary Government: Governmental Activities:</i> | 2011 | | 2011 Restated |
|---|-------------------------|-------------|------------------|
| | Previously Presented | Restatement | |
| Total noncurrent assets | \$ 1,307,703 | \$ (728) | \$ 1,306,975 |
| Net position, total | 1,216,227 | (728) | 1,215,499 |
| Expenses | 331,591 | (12) | 331,579 |
| Change in net position | 74,592 | 12 | 74,604 |

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

| <i>Primary Government:</i> <i>Aggregate Business-type Activities:</i> | <u>2011 Previously Presented</u> | <u>Restatement</u> | <u>2011 Restated</u> |
|--|--|--------------------|--------------------------|
| Noncurrent assets | \$ 660,801 | \$ (1,288) | \$ 659,513 |
| Net position, total | 566,687 | (1,288) | 565,399 |
| Expenses | 65,498 | (84) | 65,414 |
| Change in net position | (3,340) | 84 | (3,256) |

| <i>Aggregate Component Units:</i> | <u>2011 Previously Presented</u> | <u>Restatement</u> | <u>2011 Restated</u> |
|-----------------------------------|--|--------------------|--------------------------|
| Noncurrent assets | \$ 1,660,732 | \$ (4,047) | \$ 1,656,685 |
| Noncurrent liabilities | 542,232 | 1,405 | 543,637 |
| Net position, total | 1,179,903 | (5,452) | 1,174,451 |
| Nonoperating revenues (expenses) | 21,162 | 8 | 21,170 |
| Change in net position | 33,128 | 8 | 33,136 |

| <i>Business-type Activities - Enterprise Funds:</i> <i>One Technology Center:</i> | <u>2011 Previously Presented</u> | <u>Restatement</u> | <u>2011 Restated</u> |
|--|--|--------------------|--------------------------|
| Noncurrent assets | \$ 61,913 | \$ (919) | \$ 60,994 |
| Net position, total | (2,730) | (919) | (3,649) |
| Nonoperating revenues (expenses) | (3,557) | 42 | (3,515) |
| Change in net position | (64) | 42 | (22) |

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

| <i>Business-type Activities - Enterprise Funds: Arena & Convention Center:</i> | 2011 Previously Presented | Restatement | 2011 Restated |
|---|--|--------------------|--------------------------|
| Noncurrent assets | \$ 234,298 | \$ (216) | \$ 234,082 |
| Net position, total | 216,030 | (216) | 215,814 |
| Nonoperating revenues (expenses) | (1,230) | 27 | (1,203) |
| Change in net position | (5,376) | 27 | (5,349) |

| <i>Business-type Activities - Enterprise Funds: Tulsa Stadium Trust:</i> | 2011 Previously Presented | Restatement | 2011 Restated |
|---|--|--------------------|--------------------------|
| Noncurrent assets | \$ 48,921 | \$ (147) | \$ 48,774 |
| Net position, total | 29,894 | (147) | 29,747 |
| Operating expenses | 2,610 | (7) | 2,603 |
| Change in net position | (727) | 7 | (720) |

| <i>Business-type Activities - Enterprise Funds: Golf Courses:</i> | 2011 Previously Presented | Restatement | 2011 Restated |
|--|--|--------------------|--------------------------|
| Noncurrent assets | \$ 7,586 | \$ (6) | \$ 7,580 |
| Net position, total | 7,238 | (6) | 7,232 |
| Nonoperating revenues (expenses) | (64) | 8 | (56) |
| Change in net position | (90) | 8 | (82) |

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 3. DEPOSITS AND INVESTMENTS

Custodial Credit Risk—City of Tulsa Policy:

Deposits. The City's investment policy requires that demand deposits be collateralized at least by 110% of the amount that is not federally insured. An irrevocable letter of credit issued to the City, by the Federal Home Loan Bank of Topeka, serves as collateral for the City's cash deposits.

Securities pledged as collateral are held by a third party. Joint custody safekeeping receipts are held in the name of the depository institution, but pledged to the City. The security can not be released, substituted or sold without the City's approval and release of the security.

Certificates of deposit are, according to the City's investment policy, to be collateralized at least by 102% of the amount that is not federally insured. As of June 30, 2012, the City had no deposits exposed to custodial credit risk.

Investments. The City's investment policy requires that securities be registered in the name of the City. All safekeeping receipts for investment instruments are held in accounts in the City's name and all securities are registered in the City's name.

State statutes and City ordinances govern the City's investment policies. Permissible investments include direct obligations of the U.S. Government and agency securities, municipal bonds, money market funds, certificates of deposit and savings accounts, repurchase agreements, judgments, and bank or guaranteed investment contracts. Collateral is required for demand deposits, certificates of deposit and repurchase agreements at 102% of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its subdivisions.

Interest Rate Risk. Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. If the yield of the portfolio can be improved upon by the sale of an investment, prior to its maturity,

with the reinvestment of the proceeds, then this provision is also allowed.

In accordance with its investment policy, the City manages its interest rate risk by limiting the weighted average maturity of its investment portfolio to three (3) years or less. No security, at the time of purchase, shall have a maturity exceeding five (5) years, with the exception that GNMA mortgage backed pass-through securities, as a group, shall, at time of purchase, have an average life not to exceed five (5) years.

Credit Risk. The City's investment policy prohibits purchasing any investments rated below AA at the time of purchase.

Concentration of Credit Risk. While the City may choose to maintain one-hundred percent (100%) of its investment portfolio in U. S. Treasury bills, notes, and bonds, at no time will the portfolio be composed of more than seventy percent (70%) related federal agencies.

The agencies in which the City invests are outlined in Section 7.0 of the City's investment policy. Diversification among authorized investment broker/dealers is required, with not more than fifty percent (50%) of the City's investment portfolio invested through any one financial institution or broker/dealer.

Investment Policy. Repurchase agreements under 14 days are limited to thirty percent (30%) of the investment portfolio. Money market funds, collateralized repurchase agreements over 14 days, certificates of deposit and demand deposits are all limited to not exceed twenty percent (20%) of the investment. Prime bankers acceptances are limited to five percent (5%) of the investment portfolio.

The City invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the investment amounts reported in the accompanying financial statements of the City and its component units.

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 3. DEPOSITS AND INVESTMENTS

Information regarding the interest rate risk and concentrations of credit risk of the City's pooled and non-pooled investments, as well as any credit ratings by Moody's Investors Service and Standard & Poor's, are as follows:

Pooled Portfolio Investments - Primary Government:

| <u>Investments--Primary Government</u> | <u>Fair Value</u> | <u>Weighted Average Maturity (years)</u> | <u>Concentration</u> | <u>Percent of Pooled Portfolio</u> | <u>Moody's</u> | <u>S & P</u> |
|---|-------------------|--|----------------------|------------------------------------|----------------|------------------|
| U.S. Treasury securities | \$ 82,852 | 1.29 | n/a | 18.9% | n/a | n/a |
| Property tax judgments | 7,631 | 1.29 | n/a | 1.7% | n/a | n/a |
| Federal Farm Credit Bank securities | 60,678 | 3.09 | 16.8% | 13.8% | Aaa | AA+ |
| Federal Home Loan Bank securities | 53,512 | 1.98 | 14.7% | 12.2% | Aaa | AA+ |
| Federal Home Loan Mortgage Corporation securities | 80,104 | 2.37 | 22.0% | 18.2% | Aaa | AA+ |
| Federal National Mortgage Association securities | 77,485 | 2.55 | 21.3% | 17.7% | Aaa | AA+ |
| Certificates of Deposit | 1,214 | n/a | 0.3% | 0.3% | n/a | n/a |
| | <u>\$ 363,476</u> | <u>1.80</u> | <u>75.1%</u> | <u>82.8%</u> | | |

Non- Pooled Investments - Primary Government:

| <u>Investments--Internal Service Funds</u> | <u>Fair Value</u> | <u>Weighted Average Maturity (years)</u> | <u>Concentration</u> | <u>Moody's</u> | <u>S & P</u> |
|--|-------------------|--|----------------------|----------------|------------------|
| Money Market | <u>\$ 20,234</u> | n/a | 100.0% | Aaa | AAA |

| <u>Investments--Proprietary Funds</u> | <u>Fair Value</u> | <u>Weighted Average Maturity (years)</u> | <u>Concentration</u> | <u>Moody's</u> | <u>S & P</u> |
|---------------------------------------|-------------------|--|----------------------|----------------|------------------|
| Money Market | <u>\$ 8,166</u> | n/a | 100.0% | Aaa | AAA |

Non- Pooled Investments - Fiduciary Funds:

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the MERP will not be able to recover the value of its investments that are in the possession of the counterparty. Investment securities are exposed to custodial credit risk if they are both uninsured and are not registered in the name of the MERP, and are held by the counterparty or the counterparty's trust department but not in the name of MERP. MERP has no exposure to custodial credit risk because all of MERP's

investments that are evidenced by securities are registered in MERP's name.

Credit Risk. Fixed income securities are subject to credit risk. Credit quality rating is one method of assessing the ability of the issuer to meet its obligation. MERP's investment policy requires that at the time of purchase all fixed income portfolios are to be invested primarily in high quality securities but also allows up to 10% of the portfolio to be invested in below grade securities rated no lower than single B- (by Standard & Pooers) or B3 (by Moody's). The credit ratings of MERP's debt securities are as follows:

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
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(dollar amounts expressed in thousands)

NOTE 3. DEPOSITS AND INVESTMENTS

| Investment Type | Credit Ratings | | | Rating Not | Total |
|---------------------------------------|--------------------------|------------------|-----------------|-----------------|------------------|
| | Standard & Poors/Moody's | | | Available | |
| | AAA/Aaa | A/A | BBB/Baa | or Not Rated | |
| U.S. agency obligations | \$ 8,373 | \$ - | \$ - | \$ - | \$ 8,373 |
| Government mortgage backed securities | 10,430 | - | - | - | 10,430 |
| Corporate bonds | - | 8,550 | 4,997 | - | 13,547 |
| Asset backed securities | 448 | 715 | 305 | - | 1,468 |
| Commercial mortgage backed securities | 828 | 492 | - | 1,120 | 2,440 |
| Foreign obligations | - | 1,705 | 729 | 226 | 2,660 |
| | <u>\$ 20,079</u> | <u>\$ 11,462</u> | <u>\$ 6,031</u> | <u>\$ 1,346</u> | <u>\$ 38,918</u> |

Concentration of Credit Risk. MERP's investment guidelines do not specifically address concentration of credit risk. The asset allocation guidelines for fixed income investments at June 30, 2012 were 31% strategic with a lower limit of 27% and an upper limit of 35%.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While all investments are subject to market changes, securities invested in index funds are more sensitive to market risk. Although MERP's investment policy does not specifically address the duration of fixed-income securities, MERP's management does monitor interest rate risk by monitoring the performance of each investment manager.

As of June 30, 2012 the MERP had the following investments with maturities:

| Non-Pooled Investments--Fiduciary Funds | Fair Value | Weighted Average Maturity (years) |
|---|-------------------|-----------------------------------|
| U.S. Treasury securities | \$ 16,489 | 7.69 |
| Federal Home Loan Mortgage Corp securities | 8,373 | 18.29 |
| Federal National Mortgage Association securities | 9,237 | 20.41 |
| Government National Mortgage Association securities | 1,194 | 35.74 |
| Mutual funds | 257,082 | N/A |
| Corporate obligations | 17,455 | 11.63 |
| Foreign obligations | 2,660 | 10.25 |
| Common Stock | 21,866 | N/A |
| Preferred Stock | 888 | N/A |
| Timber | 11,479 | N/A |
| | <u>\$ 346,723</u> | 1.40 |

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
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NOTE 3. DEPOSITS AND INVESTMENTS

Non- Pooled Investments - Discretely Presented Component Units:

Certain component units invest in money market mutual funds, U.S. agency obligations, equity index funds and state and local government securities (SLUG). The component units do not have a formal policy for limiting its exposure to fair value losses arising from rising interest rates, nor do they have a formal policy to address credit risk. For custodial credit risk, the component units' investments in U.S. agency obligations at June 30, 2012 are uninsured and unregistered with securities held by the

counterparty or by its trust department or agent, but not in the component unit's name. The investment in money market mutual funds are not categorized as to custodial credit risk because the investment is not evidenced by securities that exist in physical form or book entry form. In addition, the component units place no limits on the amount that may be invested in any one issuer. At June 30, 2012, the component units' investment in FHLB constituted 15% of its total investments. Money market mutual funds, equity index fund and U.S. Treasury securities are not subject to concentration of credit risk disclosure. The component units' non-pooled investments as of June 30, 2012 consisted of the following:

| Investment Type | Fair Value | Maturities in Years | | | Moody's | S&P |
|---------------------------------------|-------------------|---------------------|------------------|---------------|---------|-----|
| | | <1 | 1 - 10 | > 10 | | |
| U.S. agency obligations | \$ 25,571 | \$ 2,663 | \$ 22,897 | \$ 11 | Aaa | AA+ |
| State and local government securities | 690 | - | - | 690 | n/a | n/a |
| Money market mutual funds | 92,877 | 92,877 | - | - | Aaa | AAA |
| Equity index funds | 848 | 848 | - | - | n/a | n/a |
| U.S. Treasury securities | 43,138 | 32,000 | 11,138 | - | n/a | n/a |
| | <u>\$ 163,124</u> | <u>\$ 128,388</u> | <u>\$ 34,035</u> | <u>\$ 701</u> | | |

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 4. RECEIVABLES

Receivables for the government's individual major funds and aggregate nonmajor, enterprise funds, internal service funds, and component units, including applicable allowances for uncollectible accounts and discounts, are as follows:

| | Governmental Funds | | | | | | Internal Service Funds | Total Governmental Activities | |
|-------------------------------------|--------------------|------------------|------------------|-----------------------------------|--------------------------------|------------------|------------------------------|-------------------------------------|--|
| | General | Debt Service | Sales Tax | Nonmajor Governmental Funds | Total Governmental Funds | | | | |
| | | | | | | | | | |
| Current receivables, net: | | | | | | | | | |
| Interest receivable | \$ 947 | \$ - | \$ 359 | \$ 15 | \$ 1,321 | \$ 2 | \$ 1,323 | | |
| Taxes receivable | 24,118 | 56,031 | 11,196 | 1,233 | 92,578 | - | 92,578 | | |
| Accounts receivable, gross | 4,079 | 1,227 | - | 308 | 5,614 | 31 | 5,645 | | |
| Due from other governments | 359 | - | - | 7,441 | 7,800 | - | 7,800 | | |
| | 29,503 | 57,258 | 11,555 | 8,997 | 107,313 | 33 | 107,346 | | |
| Less: allowance for uncollectibles | (2,899) | - | - | (264) | (3,163) | - | (3,163) | | |
| | \$ 26,604 | \$ 57,258 | \$ 11,555 | \$ 8,733 | \$ 104,150 | \$ 33 | \$ 104,183 | | |
| Noncurrent receivables, net: | | | | | | | | | |
| Taxes receivable | - | - | - | - | - | 15,054 | 15,054 | | |
| Interest receivable - restricted | - | - | - | - | - | 24 | 24 | | |
| Accounts receivable | - | - | - | - | - | 119 | 119 | | |
| | - | - | - | - | - | 15,197 | 15,197 | | |
| Less: Allowance for uncollectibles | - | - | - | - | - | (2) | (2) | | |
| | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 15,195 | \$ 15,195 | | |

| | Business-type Activities Enterprise Funds | | | | | |
|-------------------------------------|---|-----------------------------|---------------------------------|---------------------------|-----------------|--------------------------------------|
| | Stormwater Management | One Technology Center | Arena & Convention Center | Tulsa Stadium Trust | Golf Courses | Total Business-type Activities |
| Current receivables, net: | | | | | | |
| Interest receivable | \$ 48 | \$ 14 | \$ 2 | \$ - | \$ - | \$ 64 |
| Accounts receivable, gross | 2,928 | 118 | 1,077 | 155 | 8 | 4,286 |
| Due from other governments | - | - | 348 | - | - | 348 |
| | 2,976 | 132 | 1,427 | 155 | 8 | 4,698 |
| Less: allowance for uncollectibles | (114) | - | - | - | - | (114) |
| | \$ 2,862 | \$ 132 | \$ 1,427 | \$ 155 | \$ 8 | \$ 4,584 |
| Noncurrent receivables, net: | | | | | | |
| Interest receivable - restricted | \$ 16 | \$ - | \$ - | \$ - | \$ - | \$ 16 |

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
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NOTE 4. RECEIVABLES

| | Component Units | | | | |
|-------------------------------------|---|---|-------------------|-----------------------------|-----------------------------|
| | Tulsa Metropolitan Utility Authority | Tulsa Authority for Recovery of Energy | Tulsa Airports | Other Component Units | Total Component Units |
| Current receivables, net: | | | | | |
| Interest receivable | \$ 42 | \$ 43 | \$ - | \$ 8 | \$ 93 |
| Accounts receivable, gross | 23,319 | 2,606 | 2,186 | 273 | 28,384 |
| Due from other governments | - | - | 1,485 | 669 | 2,154 |
| | <u>23,361</u> | <u>2,649</u> | <u>3,671</u> | <u>950</u> | <u>30,631</u> |
| Less: allowance for uncollectibles | (98) | (25) | (20) | - | (143) |
| | <u>\$ 23,263</u> | <u>\$ 2,624</u> | <u>\$ 3,651</u> | <u>\$ 950</u> | <u>\$ 30,488</u> |
| Noncurrent receivables, net: | | | | | |
| Notes receivable, net | - | - | - | 4,000 | 4,000 |
| Notes receivable, net - restricted | - | - | - | 10,197 | 10,197 |
| Accounts receivable - restricted | - | - | 615 | 221 | 836 |
| Interest receivable - restricted | 141 | - | 101 | - | 242 |
| | <u>\$ 141</u> | <u>\$ -</u> | <u>\$ 716</u> | <u>\$ 14,418</u> | <u>\$ 15,275</u> |

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(dollar amounts expressed in thousands)

NOTE 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the government's individual major funds and aggregate nonmajor, enterprise funds, internal service funds, and component units are as follows:

| | Governmental Funds | | | | | | Internal Service Funds | Total Governmental Funds | Adjustments to Government Wide Statements | Total Governmental Activities |
|------------------|--------------------|--------------|-----------------|-----------------|-----------------------------|------------------|------------------------|--------------------------|---|-------------------------------|
| | General | Debt Service | Bond | Sales Tax | Nonmajor Governmental Funds | Total | | | | |
| Accounts payable | \$ - | \$ 50 | \$ 6,621 | \$ 6,485 | \$ 1,735 | \$ 14,891 | \$ 1,235 | \$ 16,126 | \$ - | \$ 16,126 |
| Accrued payables | 3,060 | - | 2,281 | 2,581 | 567 | 8,489 | 263 | 8,752 | - | 8,752 |
| Accrued payroll | 522 | - | - | - | 48 | 570 | - | 570 | - | 570 |
| Accrued interest | - | - | - | - | - | - | - | - | 3,467 | 3,467 |
| | <u>\$ 3,582</u> | <u>\$ 50</u> | <u>\$ 8,902</u> | <u>\$ 9,066</u> | <u>\$ 2,350</u> | <u>\$ 23,950</u> | <u>\$ 1,498</u> | <u>\$ 25,448</u> | <u>\$ 3,467</u> | <u>\$ 28,915</u> |

| | Business-type Activities Enterprise Funds | | | | | Total |
|-------------------------------|---|-----------------------|---------------------------|---------------------|---------------|-----------------|
| | Stormwater Management | One Technology Center | Arena & Convention Center | Tulsa Stadium Trust | Golf Courses | |
| Accounts payable | \$ 177 | \$ 475 | \$ 1,682 | \$ 30 | \$ 121 | \$ 2,485 |
| Accounts payable - restricted | - | 4 | 21 | - | - | 25 |
| Accrued payables | 854 | - | - | - | - | 854 |
| Accrued payroll | 515 | - | - | - | - | 515 |
| Accrued interest - restricted | - | 477 | 355 | 726 | 1 | 1,559 |
| | <u>\$ 1,546</u> | <u>\$ 956</u> | <u>\$ 2,058</u> | <u>\$ 756</u> | <u>\$ 122</u> | <u>\$ 5,438</u> |

| | Component Units | | | | Total Component Units |
|-------------------------------|--------------------------------------|--|-----------------|-----------------------|-----------------------|
| | Tulsa Metropolitan Utility Authority | Tulsa Authority for Recovery of Energy | Tulsa Airports | Other Component Units | |
| Accounts payable | \$ 5,595 | \$ 1,999 | \$ 196 | \$ 1,725 | \$ 9,515 |
| Accounts payable - restricted | 6,857 | - | 7,729 | - | 14,586 |
| Accrued payables | - | - | - | 663 | 663 |
| Accrued payroll | 763 | - | - | 134 | 897 |
| Accrued interest - restricted | 3,892 | - | 795 | 16 | 4,703 |
| | <u>\$ 17,107</u> | <u>\$ 1,999</u> | <u>\$ 8,720</u> | <u>\$ 2,538</u> | <u>\$ 30,364</u> |

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
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NOTE 6. INTERFUND TRANSACTIONS

Primary government interfund receivables and payables consist of the following:

| Amount | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> | <u>Purpose</u> |
|-----------------|-----------------------------|---------------------------|-----------------------------|
| \$ 325 | General Fund | Arena & Convention Center | To finance capital projects |
| <u>7,882</u> | Sales Tax | TPFA | To finance capital projects |
| <u>\$ 8,207</u> | | | |

| | <u>Advances To Other Funds</u> | <u>Advances From Other Funds</u> | <u>Purpose</u> |
|-----------------|--------------------------------|----------------------------------|-----------------------------|
| 134 | General Fund | Federal and State Grants | To advance fund grants |
| 146 | General Fund | Office Services | To provide cash flow |
| 407 | TPFA | Special Revenue Funds | To finance capital projects |
| <u>1,108</u> | Arena & Convention Center | Tourism and Convention | To provide cash flow |
| <u>\$ 1,795</u> | | | |

| | <u>Advances To Primary Government</u> | <u>Advances From Component Units</u> | <u>Purpose</u> |
|-----------------|---------------------------------------|--------------------------------------|------------------------------|
| 127 | Tulsa Airports | General Fund | To fund firefighter services |
| 448 | TARE | TPFA | To fund capital improvements |
| <u>1,151</u> | TMUA | Bond | To fund capital improvements |
| <u>\$ 1,726</u> | | | |

| | <u>Advances To Component Units</u> | <u>Advances From Primary Government</u> | <u>Purpose</u> |
|---------------|------------------------------------|---|----------------------|
| <u>\$ 326</u> | General Fund | MTTA | To provide cash flow |

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 6. INTERFUND TRANSACTIONS

Primary government interfund transfers for the year ended consist of the following amounts:

| Transfers To | Transfers From | | | | | |
|---------------------------------|------------------|-----------------|-----------------|-----------------|-----------------------------|------------------|
| | Total | General Fund | Bond Fund | Sales Tax Fund | Nonmajor Governmental Funds | Enterprise Funds |
| Governmental Funds: | | | | | | |
| Nonmajor Funds | \$ 3,969 | \$ 1,540 | \$ 1,598 | \$ 411 | \$ 126 | \$ 294 |
| Total Governmental Funds | <u>3,969</u> | <u>1,540</u> | <u>1,598</u> | <u>411</u> | <u>126</u> | <u>294</u> |
| Internal Service Funds | 991 | 50 | 8 | 726 | 207 | - |
| Enterprise Funds: | | | | | | |
| Stormwater Management Fund | 3,019 | - | 932 | 1,624 | 463 | - |
| TPFA / CC and Arena | 5,279 | 1,314 | - | 95 | 3,870 | - |
| Tulsa Stadium Trust | 2,109 | - | - | - | 2,109 | - |
| Golf Courses Fund | 950 | 750 | - | 200 | - | - |
| Total Enterprise Funds | <u>11,357</u> | <u>2,064</u> | <u>932</u> | <u>1,919</u> | <u>6,442</u> | <u>-</u> |
| Total Primary Government | <u>\$ 16,317</u> | <u>\$ 3,654</u> | <u>\$ 2,538</u> | <u>\$ 3,056</u> | <u>\$ 6,775</u> | <u>\$ 294</u> |

| Transfers - in | | Transfers - out | |
|---------------------------------|------------------|---------------------------------|------------------|
| Governmental Funds | \$ 3,969 | Governmental Funds | \$ 16,023 |
| Internal Service Funds | 991 | Internal Service Funds | - |
| Enterprise Funds | 11,357 | Enterprise Funds | 294 |
| Total Primary Government | <u>\$ 16,317</u> | Total Primary Government | <u>\$ 16,317</u> |

1. Purpose of Transfers

The above transfers occur principally to fund operations and finance capital asset acquisitions. Transfers are used to (1) move revenues from the fund that State statutes or City ordinances requires to collect them to the fund that State statutes or City ordinances requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

2. Eliminations

Interfund transfers are reported in the governmental activities and business-type activities fund financial statements. In the government-wide statements, interfund transfers are eliminated within the governmental activities column and within the business-type activities column.

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended is as follows:

| | Beginning Balance | Additions | Reductions | Transfers & Reclassifications | Ending Balance |
|--|----------------------|-------------------|---------------------|----------------------------------|---------------------|
| GOVERNMENTAL ACTIVITIES: | | | | | |
| Nondepreciable capital assets: | | | | | |
| Land | \$ 30,124 | \$ 1,047 | \$ (30) | \$ - | \$ 31,141 |
| Land - Infrastructure use | 436,250 | - | - | 52,198 | 488,448 |
| Construction in progress: | | | | | |
| General government | 31,347 | 25,679 | (17,374) | 13,666 | 53,318 |
| Infrastructure | 176,748 | 73,064 | (131,972) | (9,269) | 108,571 |
| Total construction in progress | <u>208,095</u> | <u>98,743</u> | <u>(149,346)</u> | <u>4,397</u> | <u>161,889</u> |
| Total nondepreciable capital assets | <u>674,469</u> | <u>99,790</u> | <u>(149,376)</u> | <u>56,595</u> | <u>681,478</u> |
| Depreciable capital assets: | | | | | |
| Land improvements | 85,396 | 2,005 | (103) | (26,278) | 61,020 |
| Buildings | 171,923 | 8,692 | (1,095) | (37,713) | 141,807 |
| Equipment | 150,610 | 17,609 | (6,559) | 2,864 | 164,524 |
| Street network | 2,683,745 | 141,414 | - | 79,684 | 2,904,843 |
| Bridge network | 106,902 | 7,246 | - | (92,930) | 21,218 |
| Total depreciable capital assets | <u>3,198,576</u> | <u>176,966</u> | <u>(7,757)</u> | <u>(74,373)</u> | <u>3,293,412</u> |
| Total capital assets | <u>3,873,045</u> | <u>276,756</u> | <u>(157,133)</u> | <u>(17,778)</u> | <u>3,974,890</u> |
| Accumulated depreciation: | | | | | |
| Land improvements | (62,598) | (433) | 103 | 13,785 | (49,143) |
| Buildings | (71,526) | (2,864) | 645 | 5,469 | (68,276) |
| Equipment | (101,440) | (10,986) | 5,393 | 10,713 | (96,320) |
| Street network | (2,303,517) | (24,786) | - | (112,376) | (2,440,679) |
| Bridge network | (96,304) | (960) | - | 94,436 | (2,828) |
| Total accumulated depreciation | <u>(2,635,385)</u> | <u>(40,029)</u> | <u>6,141</u> | <u>12,027</u> | <u>(2,657,246)</u> |
| Total depreciable capital assets, net | <u>563,191</u> | <u>136,937</u> | <u>(1,616)</u> | <u>(62,346)</u> | <u>636,166</u> |
| Governmental activities capital assets, net | <u>\$ 1,237,660</u> | <u>\$ 236,727</u> | <u>\$ (150,992)</u> | <u>\$ (5,751)</u> | <u>\$ 1,317,644</u> |

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
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NOTE 7. CAPITAL ASSETS

| | Beginning Balance | Additions | Reductions | Transfers & Reclassifications | Ending Balance |
|---|----------------------|-------------------|---------------------|----------------------------------|---------------------|
| BUSINESS-TYPE ACTIVITIES: | | | | | |
| Nondepreciable capital assets: | | | | | |
| Land | \$ 82,272 | \$ 1,108 | \$ - | \$ 808 | \$ 84,188 |
| Construction in progress | 13,514 | 6,557 | (9,922) | 111 | 10,260 |
| Total nondepreciable assets | <u>95,786</u> | <u>7,665</u> | <u>(9,922)</u> | <u>919</u> | <u>94,448</u> |
| Depreciable capital assets: | | | | | |
| Land improvements | 299,168 | 10,575 | - | 31,420 | 341,163 |
| Buildings | 292,445 | 404 | - | 3,059 | 295,908 |
| Equipment | 77,373 | 1,928 | (1,030) | (17,532) | 60,739 |
| Total depreciable capital assets | <u>668,986</u> | <u>12,907</u> | <u>(1,030)</u> | <u>16,947</u> | <u>697,810</u> |
| Total capital assets | <u>764,772</u> | <u>20,572</u> | <u>(10,952)</u> | <u>17,866</u> | <u>792,258</u> |
| Accumulated depreciation: | | | | | |
| Land improvements | (51,018) | (9,931) | - | (15,171) | (76,120) |
| Buildings | (38,762) | (9,566) | 1 | (6,293) | (54,620) |
| Equipment | (32,066) | (4,398) | 947 | 9,055 | (26,462) |
| Total accumulated depreciation | <u>(121,846)</u> | <u>(23,895)</u> | <u>948</u> | <u>(12,409)</u> | <u>(157,202)</u> |
| Total depreciable capital assets, net | <u>547,140</u> | <u>(10,988)</u> | <u>(82)</u> | <u>4,538</u> | <u>540,608</u> |
| Business-type activities capital assets, net | <u>\$ 642,926</u> | <u>\$ (3,323)</u> | <u>\$ (10,004)</u> | <u>\$ 5,457</u> | <u>\$ 635,056</u> |
| DISCRETELY PRESENTED COMPONENT UNITS: | | | | | |
| Nondepreciable capital assets: | | | | | |
| Land, easements and other | \$ 177,289 | \$ 6,454 | \$ - | \$ (485) | \$ 183,258 |
| Water rights | 9,593 | - | - | - | 9,593 |
| Construction in progress | 67,525 | 83,696 | (117,979) | 50,613 | 83,855 |
| Total nondepreciable capital assets | <u>254,407</u> | <u>90,150</u> | <u>(117,979)</u> | <u>50,128</u> | <u>276,706</u> |
| Depreciable capital assets: | | | | | |
| Land improvements and water and sewer Lines | 1,409,408 | 88,118 | - | 174,929 | 1,672,455 |
| Buildings | 481,416 | 45,408 | (1,058) | (196,837) | 328,929 |
| Equipment | 160,920 | 15,939 | (8,248) | (37,859) | 130,752 |
| Total depreciable capital assets | <u>2,051,744</u> | <u>149,465</u> | <u>(9,306)</u> | <u>(59,767)</u> | <u>2,132,136</u> |
| Total capital assets | <u>2,306,151</u> | <u>239,615</u> | <u>(127,285)</u> | <u>(9,639)</u> | <u>2,408,842</u> |
| Accumulated depreciation: | | | | | |
| Land improvements and water and sewer Lines | (533,737) | (34,371) | - | (118,367) | (686,475) |
| Buildings | (248,782) | (7,654) | 1,058 | 75,643 | (179,735) |
| Equipment | (86,032) | (9,955) | 8,022 | 42,586 | (45,379) |
| Total accumulated depreciation | <u>(868,551)</u> | <u>(51,980)</u> | <u>9,080</u> | <u>(138)</u> | <u>(911,589)</u> |
| Total depreciable capital assets, net | <u>1,183,193</u> | <u>97,485</u> | <u>(226)</u> | <u>(59,905)</u> | <u>1,220,547</u> |
| Component unit capital assets, net | <u>\$ 1,437,600</u> | <u>\$ 187,635</u> | <u>\$ (118,205)</u> | <u>\$ (9,777)</u> | <u>\$ 1,497,253</u> |

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(dollar amounts expressed in thousands)

NOTE 7. CAPITAL ASSETS

Depreciation expense is charged to functions as follows:

| Governmental Activities | | Business-type Activities | | Component Units | |
|---------------------------------|------------------|---------------------------|------------------|-----------------|---------------|
| Administrative and support | \$ 247 | Golf Courses | \$ 443 | TMUA | \$ 33,495 |
| Public safety and protection | 9,223 | One Technology Center | 1,879 | TARE | 328 |
| Public works and transportation | 28,812 | Arena & Convention Center | 11,011 | Tulsa Airports | 13,131 |
| Social and economic development | 251 | Stormwater Management | 8,627 | Other | 5,026 |
| Culture and recreation | 1,496 | Tulsa Stadium Trust | 1,935 | | <u>51,980</u> |
| | <u>\$ 40,029</u> | | <u>\$ 23,895</u> | | |

NOTE 8. RISK MANAGEMENT

The City's risk-management activities are recorded in the Employee Insurance Fund. The purpose of the fund is to administer the workers' compensation, health and dental insurance programs of the City. The use of this fund does not constitute a transfer of risk from the City.

Insurance - Significant losses are covered by commercial insurance for all major programs except workers' compensation, for which the City retains all risk of loss. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Judgments - Judgments (tort liability) are funded through property taxes over a three-year period. Tax revenues are reported in the Debt Service Fund and amounts associated with workers' compensation judgments are recorded in the Employee Insurance Fund.

Workers' compensation judgments include lump-sum judgments and installment judgments. Lump-sum judgments are paid in full at the time of judgment whereas installment judgments are payable over time. The total amount of installment judgments is indeterminable at the time of judgment.

Judgments paid are included in the subsequent property tax levy. The levy amount is recorded as a receivable.

The carrying amount of the liability for judgments in the amount of \$6,257 is discounted at an annual rate of 3.0% and presented at their net present value of \$4,736.

Workers' Compensation - The City records a liability for workers' compensation claims. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) plus an estimate for claims which have been incurred but not reported based on historical experience.

Change in Workers' Compensation Liabilities

| | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|--|------------------|------------------|------------------|
| Claims liability at beginning of year | \$ 19,179 | \$ 18,937 | \$ 18,038 |
| Current year claims and changes in estimates | 8,666 | 8,650 | 8,292 |
| Claims payments | <u>(8,155)</u> | <u>(8,408)</u> | <u>(7,393)</u> |
| Claims liability at end of year | <u>\$ 19,690</u> | <u>\$ 19,179</u> | <u>\$ 18,937</u> |
| Assets available to pay claims at June 30 | <u>\$ 26,247</u> | <u>\$ 24,463</u> | <u>\$ 25,367</u> |

CITY OF TULSA
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012
 (dollar amounts expressed in thousands)

NOTE 9. RETIREMENT AND DEFERRED COMPENSATION PLANS

Each qualified employee is included in one of the three retirement plans in which the City participates. These are the Municipal Employees' Pension Fund (MERP), Oklahoma Firefighters' Pension Fund, and Oklahoma Police Pension and Retirement System. The City does not maintain the accounting records, hold the investments or administer the police officers' and firefighters' retirement funds. The police officers' and firefighters' plans are statewide systems administered by the State of Oklahoma. The Municipal Employees' Pension Fund is administered by a separate board of trustees and a local bank holds the assets in custody. Actuarial valuations for these plans are performed annually. Unless otherwise indicated, information in this note related to the Municipal Employees' Pension Fund is provided as of the latest actuarial valuation, January 1, 2012. Also, unless otherwise indicated, information in this note related to Oklahoma Police and Firefighters' Pension and Retirement systems are provided as of the latest actuarial valuations, July 1, 2012.

On-behalf payments - For fiscal year 2012, the State of Oklahoma contributed payments on behalf of City employees to the Oklahoma Police Pension and Retirement System of \$5.3 million and the Oklahoma Firefighters Pension and Retirement System of \$11.2 million. State contributions are funded by allocations of the state's insurance premium tax. The City is not legally responsible for these contributions.

A summary of significant information for each of the retirement plans follows.

A. MUNICIPAL EMPLOYEES' PENSION FUND

1. Plan Description

The City contributes to the Municipal Employees' Retirement Plan ("Plan") which is a cost-sharing multiple employer defined benefit pension plan. The Plan was established by the City in accordance with the City Charter and State statutes, and is reported as a pension trust fund. All full-time employees of the City and related agencies, except employees covered under the pension program established for police officers and firefighters, are eligible to participate in the system on the first day of the month which coincides with, or next following, their first day of employment. The Plan covers four participating entities. Administrative costs of the Plan are financed through investment earnings.

The Plan does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or a report of another entity.

Employee membership data related to the pension plan, as of January 1, 2012 was as follows:

| | Membership |
|--|------------|
| Active plan members | 2,456 |
| Retirees and beneficiaries currently receiving benefits | 1,645 |
| Terminated employees entitled to but not yet receiving benefits | 267 |
| Total | 4,368 |

For the year ended June 30, 2012, the City's total payroll for all employees was \$196,967, including police and fire employees. Excluding police and fire employees, the City's total payroll was \$107,811. Total covered payroll was \$96,179. Covered payroll refers to all compensation paid by the City to active employees covered by the Plan.

2. Summary of Significant Accounting Policies

Basis of Accounting - The Municipal Employees' Pension Trust Fund financial statements are prepared on the accrual basis of accounting. Both employer and employee contributions are recognized as revenue in the period in which employees provide services.

Method Used to Value Investments - Investment income is recognized when earned. Investments are reported at fair value which is determined using selected bases, as follows: short-term investments are reported at cost, which approximates fair value; securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; investments that do not have an established market are reported at estimated fair value. Gains and losses on sales and exchanges are recognized on the transaction date. Administrative costs are financed with investment earnings of the plan.

3. Contributions

The contribution requirements of Plan members and the City are established by City ordinance. Employees of the City are required to contribute 5% of covered compensation to the Plan. The contributions are deducted from the employee's wages or salary and remitted by the City to the Plan on a semi-monthly basis. The City is required to contribute the remaining amounts necessary to fund the system, using the actuarial basis specified by City ordinance.

4. Benefits and Refunds Paid

Any participant whose years of continuous employment, when added to the participant's age equals or exceeds 80, may retire without a reduction in the monthly benefit. The amount of retirement income is established by City ordinance and is equal to 2.35% of final average earnings, up to covered compensation, times years of service.

CITY OF TULSA
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012
 (dollar amounts expressed in thousands)

NOTE 9. RETIREMENT AND DEFERRED COMPENSATION PLANS

Pension provisions include death benefits for the surviving spouse. The system does not provide a monthly income for disabled participants; however, under certain conditions, employees who become disabled may be eligible to receive their full retirement at age 65 even though they were unable to work up to the retirement age. Benefits vest at 100% after five years of service.

5. Concentrations

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

6. Annual Pension Cost Trend Information

| Year | Annual Pension Cost | Percentage Contributed | Net Pension Obligation |
|------|---------------------|------------------------|------------------------|
| 2012 | \$ 11,299 | 96.7% | \$ 5,714 |
| 2011 | 8,698 | 65.1% | 5,338 |
| 2010 | 8,490 | 72.8% | 6,184 |

7. Actuarial Valuation, Methods and Assumptions

| | |
|----------------------------------|---------------------|
| Valuation date | January 1, 2012 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level percent, open |
| Remaining amortization periods | 30 years |
| Actuarial asset valuation method | 5 year smoothed FMV |
| Investment rate of return | 7.75% |
| Projected salary increases | 4.25%-13.70% |
| Inflation Rate | 3.25% |
| Cost-of-living adjustments | None |

8. Funded Status and Funding Progress

The funded status of the plan as of January 1, 2012, is as follows (in millions).

| | |
|---|----------|
| Actuarial accrued liability (AAL) | \$ 496 |
| Actuarial value of plan assets (AVA) | \$ 378 |
| Unfunded actuarial accrued liability (UAAL) | \$ (118) |
| Funded ratio | 76.3% |
| Covered payroll | \$ 104 |
| UAAL as a percentage of funded payroll | 112.6% |

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time, relative to the AALs for benefits.

B. OKLAHOMA FIREFIGHTERS' PENSION AND RETIREMENT SYSTEM

1. Plan Description

Members of the City's Fire Department are covered by the Oklahoma Firefighters' Pension and Retirement System, (the "Firefighters' System") which is a statewide cost sharing multiple-employer defined benefit plan established by the State of Oklahoma that provides participants with retirement, death and disability benefits, and a deferred option plan. All full-time firefighters who are hired before age 45 are eligible to participate in the Firefighters' System.

Participants become vested upon completing ten years of credited service as a contributing participant of the Firefighters' System. Any participant who completes 20 years of credited service, regardless of age, is entitled to pension payments equal to 50% of the member's final average compensation.

The Oklahoma State Legislature has the authority to grant percentage increases or special one-time payments to persons receiving benefits from the System, and is required by statute to make appropriations as necessary to insure that benefit payments are made.

The City's covered payroll for the Firefighters' System was \$41,968, while the City's total payroll for all employees was \$196,967 during the same time period.

The Firefighters' System issues a stand-alone financial report which can be obtained from the Oklahoma State Firefighters' Retirement Board at 4545 North Lincoln Boulevard, Suite 265, Oklahoma City, Oklahoma 73105.

2. Contributions

Members of the Firefighters' System are required to pay 8% of their covered compensation to the pension plan. The City makes a contribution of 13% of the members' covered compensation to the system as required by state statute. The total contribution to the Firefighters' System amounted to \$8,813 of which \$5,456 was made by the City and \$3,357 was made by the employees. These contributions represent approximately 13% (City) and 8% (member) of covered payroll.

The City's contributions represent 27% of the Firefighters' System total annual contributions state-wide.

3. Annual Required Contribution Trend Information

| Year | Required Contribution | Percentage Contributed |
|------|-----------------------|------------------------|
| 2012 | \$ 8,813 | 100% |
| 2011 | 8,226 | 100% |
| 2010 | 8,571 | 100% |

CITY OF TULSA
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012
 (dollar amounts expressed in thousands)

NOTE 9. RETIREMENT AND DEFERRED COMPENSATION PLANS

4. Related Party Investments

As of and for the year ended June 30, 2012, the Firefighters' System held no securities issued by the City or other related parties.

C. OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

1. Plan Description

Members of the City's Police Department are covered by the Oklahoma Police Pension and Retirement System, ("the Police System") which is a statewide cost sharing multiple-employer defined benefit pension plan established by the State of Oklahoma that provides participants with retirement, death and disability benefits, and a deferred option plan. Police officers employed by participating municipalities are required to participate in the Police System.

Participants become vested upon completing ten years of credited service as a contributing participant of the Police System. Any participant who completes 20 years of credited service, regardless of age is entitled to pension payments equal to 50% of the member's final average compensation.

The Oklahoma State Legislature has the authority to grant percentage increases or special one-time payments to persons receiving benefits from the Police System, and is required by statute to make appropriations as necessary to insure that benefit payments are made.

The City's covered payroll for the Police System was \$47,189, while the City's total payroll for all employees was \$196,967 during the same time period.

The Police System issues a stand-alone financial report which can be obtained from the Oklahoma State Police Retirement Board at 1001 NW 63rd Street, Suite 305, Oklahoma City, Oklahoma 73116.

2. Contributions

Members of the Police System are required to pay 8% of their covered compensation to the pension plan. The City makes a contribution of 13% of the members' covered compensation to the Police system as required by state statute. Total contributions to the Police System amounted to \$9,910, of which \$6,135 is from the City's contributions and \$3,775 is from employee contributions. These contributions represent approximately 13% (City) and 8% (member) of covered payroll.

The City's contributions represent 29% of the Police System total annual contributions state-wide.

3. Annual Required Contribution Trend Information

| Year | Required Contribution | Percentage Contributed |
|------|-----------------------|------------------------|
| 2012 | \$ 9,910 | 100% |
| 2011 | 9,629 | 100% |
| 2010 | 9,874 | 100% |

4. Related Party Investments

During the year ended June 30, 2012 and as of June 30, 2012, the Police System held no securities issued by the City or other related parties.

D. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency.

The City appoints a committee of employees that represents the City in all matters concerning the administration of the deferred compensation plan. The committee has full power and authority to adopt rules and regulations for the administration of the deferred compensation plan. The committee also contracts with providers to manage the investment of plan assets and is responsible for selecting the plan investment options. Additionally, the committee reviews and approves withdrawals, terminations, and benefit payments.

The City accounts for and reports its deferred compensation plan under the provisions of both GASB No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans;" and GASB No. 34. GASB No. 32 rescinded GASB No. 2 ("Financial Reporting of Deferred Compensation Plans Adopted under the Provisions of Internal Revenue Code Section 457") and established accounting and financial reporting standards for Internal Revenue Code Section 457 deferred compensation plans of state and local government employers. The laws governing these plans were changed to state that as of August 20, 1996, new plans would not be considered eligible plans unless all assets and income of the plan are held in trust or covered by annuity contract for the exclusive benefits of the participants and their beneficiaries. The City's plan meets this requirement.

The plan is not reported in the City's financial statements because the assets are held in trust by an independent trustee for the benefit of the participating employees.

CITY OF TULSA
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012
 (dollar amounts expressed in thousands)

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS

A. OPEB PLAN DESCRIPTION

The City provides post-employment healthcare benefits (OPEB) for retired employees and their dependents through the City of Tulsa Postretirement Medical Plan (the Plan), a single-employer defined benefit healthcare plan. The governmental activities, business type activities and component units account for 94% of the OPEB liability. Other organizations, not in the reporting entity account for the remaining 6%. The benefits, coverage levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The Plan does not issue a stand-alone financial report.

B. BENEFITS PROVIDED

The Plan covers all current retirees who elected postretirement medical coverage through the City of Tulsa and future retired general employees. All current active police officers and firefighters are covered by a separate trust established specifically to provide medical benefits to the City of Tulsa police officers and firefighters and are not considered for this disclosure.

All healthcare benefits are provided through the City's fully insured health plan. The benefit levels are the same as those afforded 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.

C. MEMBERSHIP

At July 1, 2011, membership consisted of the following:

| | |
|---|--------------|
| Retirees and beneficiaries currently receiving benefits | 284 |
| Active employees | <u>2,462</u> |
| | <u>2,746</u> |

D. FUNDING POLICY

The City contributes a fixed premium subsidy towards the medical coverage of retirees and their dependents. For the fiscal year ending June 30, 2012, the City contributed \$72.73 per month for participants retiring prior to July 1, 1998 and \$101.37 per month for participants retiring after June 30, 1998. Additionally, the City contributed \$108.03 per month for dependent coverage. The retirees and their dependents are responsible for the remainder of the group contract rate for the medical plan chosen. As of June 30, 2012, no irrevocable trust had been established for the funding of the Plan's post-retirement benefit obligation. The premium subsidy paid by the City is funded on a pay-as-you-go basis.

E. ANNUAL OPEB COSTS

| Year | Annual OPEB Cost | Employer Contributions | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|------|------------------|------------------------|--|---------------------|
| 2012 | \$ 2,493 | \$ 1,208 | 48% | \$ 16,735 |
| 2011 | \$ 3,017 | \$ 537 | 18% | \$ 15,450 |
| 2010 | \$ 3,077 | \$ 522 | 17% | \$ 12,970 |

F. NET OPEB OBLIGATION:

The net OPEB obligation was calculated as follows:

| | |
|--|------------------|
| Annual Required Contribution | \$ 2,769 |
| Interest on Net OPEB Obligation | 618 |
| Adjustment to Annual Required Contribution | <u>(894)</u> |
| Annual OPEB Cost | 2,493 |
| Contributions | <u>(1,208)</u> |
| Increase in Net OPEB Obligation | 1,285 |
| Net OPEB Obligation, beginning of year | <u>15,450</u> |
| Net OPEB Obligation, end of year | <u>\$ 16,735</u> |

Net OPEB Obligation reported in:

| | |
|---------------------------------------|------------------|
| Governmental activities | 7,499 |
| Business type activities | 1,052 |
| Component units | 7,223 |
| Organizations not in reporting entity | <u>961</u> |
| | <u>\$ 16,735</u> |

CITY OF TULSA
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012
 (dollar amounts expressed in thousands)

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS

G. SCHEDULE OF FUNDING PROGRESS

The funded status of the plan as of July 1, 2011

| | |
|---|-----------|
| Actuarial Accrued Liability (AAL) | \$ 27,437 |
| Actuarial value of plan assets | \$ - |
| Unfunded Actuarial Accrued Liability (UAAL) | \$ 27,437 |
| Funded ratio (actuarial value of plan assets / AAL) | 0% |
| Covered payroll (active plan members) | \$ 98,670 |
| UAAL as a percentage of covered payroll | 28% |

H. ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

| | |
|--|---------------|
| Valuation date | July 1, 2011 |
| Actuarial cost method | Entry Age |
| Amortization method | Level dollar |
| Remaining amortization periods | 30 years open |
| Discount rate | 4% |
| Inflation rate | 3.25% |
| Initial annual healthcare cost trend rate | 9.0% |
| Annual reduction of healthcare cost trend rate | 0.5% |

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
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NOTE 11. LONG-TERM LIABILITIES

A. LONG-TERM LIABILITIES

A summary of long-term liability activity is as follows (additional detailed information is available on the following pages):

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|------------------|--------------------|-----------------------|--------------------------------|
| PRIMARY GOVERNMENT | | | | | |
| Governmental activities: | | | | | |
| General obligation bonds | \$ 386,469 | \$ 50,000 | \$ (27,779) | \$ 408,690 | \$ 35,455 |
| Revenue bonds | 14,125 | 10,900 | (14,125) | 10,900 | 1,295 |
| Other long-term liabilities | 68,406 | 31,166 | (31,070) | 68,502 | 28,966 |
| Premium on debt issuance - GO bonds | 21,389 | 647 | (4,067) | 17,969 | - |
| Premium on debt issuance - Revenue bonds | 130 | 969 | (178) | 921 | - |
| Total governmental activities | <u>490,519</u> | <u>93,682</u> | <u>(77,219)</u> | <u>506,982</u> | <u>65,716</u> |
| Business-type activities: | | | | | |
| Revenue bonds | 106,547 | 750 | (2,835) | 104,462 | 3,065 |
| Unamortized discount--revenue bonds | (145) | - | 7 | (138) | - |
| Compensated absences | 851 | 360 | (238) | 973 | 598 |
| Other post-employment benefits | 988 | 64 | - | 1,052 | - |
| Pension liability | 366 | 173 | (154) | 385 | 213 |
| Total business-type activities | <u>108,607</u> | <u>1,347</u> | <u>(3,220)</u> | <u>106,734</u> | <u>3,876</u> |
| Total primary government | <u>\$ 599,126</u> | <u>\$ 95,029</u> | <u>\$ (80,439)</u> | <u>\$ 613,716</u> | <u>\$ 69,592</u> |
| COMPONENT UNITS | | | | | |
| Revenue bonds: | | | | | |
| TAIT | 162,010 | - | (7,650) | 154,360 | 8,170 |
| TMUA | 161,430 | 12,685 | (20,585) | 153,530 | 9,005 |
| Other component units | 20,285 | 17,860 | (20,285) | 17,860 | - |
| Premium on debt issuance - TMUA | 892 | - | (112) | 780 | - |
| Premium on debt issuance - TAIT | 87 | - | (6) | 81 | - |
| Unamortized bond discount - TAIT | (367) | - | 25 | (342) | - |
| Premium on debt issuance - other component units | - | 887 | (4) | 883 | - |
| Unamortized bond discount - other component units | (167) | - | 167 | - | - |
| | <u>344,170</u> | <u>31,432</u> | <u>(48,450)</u> | <u>327,152</u> | <u>17,175</u> |
| General obligation bonds | 51,326 | 10,575 | (15,816) | 46,085 | 5,469 |
| Premium on debt issuance - TMUA | 1,364 | 960 | (289) | 2,035 | - |
| | <u>52,690</u> | <u>11,535</u> | <u>(16,105)</u> | <u>48,120</u> | <u>5,469</u> |
| Promissory notes | 157,414 | 23,379 | (8,417) | 172,376 | 10,488 |
| Unamortized bond discount - TMUA | (106) | - | 21 | (85) | - |
| Premium on debt issuance - TMUA | 2,626 | 89 | (284) | 2,431 | - |
| | <u>159,934</u> | <u>23,468</u> | <u>(8,680)</u> | <u>174,722</u> | <u>10,488</u> |
| Capital lease | 9,170 | - | (451) | 8,719 | 391 |
| Watermain extension contracts | 7,071 | - | (669) | 6,402 | 536 |
| Compensated absences | 6,201 | 6,199 | (4,897) | 7,503 | 4,250 |
| Other post-employment benefits | 6,561 | 677 | - | 7,223 | - |
| Pension liability | 2,647 | 1,363 | (1,117) | 2,893 | 1,436 |
| Pollution remediation obligation | 166 | - | (166) | - | - |
| Arbitrage rebate liability | 1 | - | - | 1 | - |
| Deposits subject to refund | 16 | - | - | 16 | - |
| Total component units | <u>\$ 588,627</u> | <u>\$ 74,674</u> | <u>\$ (80,535)</u> | <u>\$ 582,751</u> | <u>\$ 39,745</u> |

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 11. LONG-TERM LIABILITIES

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities as well as component units. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

General obligation bonds issued for governmental activity purposes are liquidated by the Debt Service Fund. General obligation bonds issued for component unit purposes are liquidated by the component unit. Revenue bonds issued for governmental activities are liquidated by the TPFA internal service fund from lease and loan repayments. Revenue bonds and promissory notes issued for business-type activities or by component units are repaid from those activities or component units. Compensated absences incurred by governmental activities are liquidated by the fund which pays the salary.

Compensated absences incurred by business-type activities or by component units are liquidated by those activities or component units.

The workers' compensation liability will be liquidated primarily through a portion of a property tax levy of the Employee Insurance Fund and secondarily by charging the other funds based on management's assessment of the insurance risk that should be assumed by the individual funds.

The City is subject to legal debt limits set forth in the Oklahoma Constitution. While the City's legal debt limit is \$311,546, no currently outstanding City general obligation bonds are subject to that limit. All currently outstanding City general obligation bonds were approved by at least three-fifths the voters; therefore, are not subject to that limitation.

B. PRIMARY GOVERNMENT

The Constitution of Oklahoma prohibits the City from becoming indebted for any amount exceeding the revenue to be received for any fiscal year, without the approval of the voters. General obligation bonds have been approved by the voters and issued by the City for various municipal improvements. These bonds are to be fully paid, generally within 20 years from the date of issue, and are backed by the full faith and credit of the City.

General Obligation Bond Refunding

On June 1, 2012, the City issued \$10,575 in Series 2012A General Obligation Refunding Bonds. The proceeds of the issue were used to currently refund the City's Series 2002C General Obligation Bonds.

This transaction will reduce debt service payments by \$263 over the next 5 years and result in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$252.

CITY OF TULSA
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(dollar amounts expressed in thousands)

NOTE 11. LONG-TERM LIABILITIES

Primary government long-term liability activity is as follows:

| | Issue Amount | Maturity Date | Interest Rate | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|-------------------------------------|-----------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|------------------------|
| Governmental activities | | | | | | | | |
| General obligation bonds: | | | | | | | | |
| Series 2004-A, Refunding | 28,021 | 2016 | 5.00% | \$ 11,774 | \$ - | \$ (2,321) | \$ 9,453 | \$ 2,321 |
| Series 2004-B, Refunding | 11,582 | 2015 | 3.25-5.0% | 5,159 | - | (1,285) | 3,874 | 1,285 |
| Series 2005 | 36,781 | 2025 | 5.00% | 27,068 | - | (1,942) | 25,126 | 1,942 |
| Series 2006 | 30,183 | 2026 | 4.0-4.5% | 23,795 | - | (1,597) | 22,198 | 1,597 |
| Series 2007 | 65,933 | 2027 | 4.0-4.25% | 58,606 | - | (3,665) | 54,941 | 3,664 |
| Series 2008 | 35,851 | 2028 | 4.0-4.75% | 32,065 | - | (1,893) | 30,172 | 1,893 |
| Series 2009 | 48,454 | 2029 | 2.5-4.25% | 45,881 | - | (2,572) | 43,309 | 2,572 |
| Series 2009B | 70,000 | 2020 | 4.0-5.0% | 70,000 | - | (7,800) | 62,200 | 7,800 |
| Series 2009A, Refunding | 9,153 | 2019 | 3.0-4.0% | 8,050 | - | (1,078) | 6,972 | 1,053 |
| Series 2009B, Refunding | 14,405 | 2021 | 3.0-5.0% | 12,966 | - | (1,406) | 11,560 | 1,378 |
| Series 2010 | 70,000 | 2021 | 3.0-5.0% | 70,000 | - | - | 70,000 | 7,800 |
| Series 2011 | 50,000 | 2032 | 2.25-4.25% | - | 50,000 | - | 50,000 | - |
| Series 2011A, Refunding | 21,105 | 2022 | 2.25-4.25% | 21,105 | - | (2,220) | 18,885 | 2,150 |
| | | | | <u>386,469</u> | <u>50,000</u> | <u>(27,779)</u> | <u>408,690</u> | <u>35,455</u> |
| Premium on debt issuance | | | | 21,389 | 647 | (4,067) | 17,969 | - |
| | | | | <u>407,858</u> | <u>50,647</u> | <u>(31,846)</u> | <u>426,659</u> | <u>35,455</u> |
| Revenue bonds: | | | | | | | | |
| Capital Improvements - 2006-A | 72,965 | 2012 | 5.00% | 14,125 | - | (14,125) | - | - |
| Capital Improvements - 2012 | 10,900 | 2020 | 3.00-4.00% | - | 10,900 | - | 10,900 | 1,295 |
| | | | | <u>14,125</u> | <u>10,900</u> | <u>(14,125)</u> | <u>10,900</u> | <u>1,295</u> |
| Premium on debt issuance | | | | 130 | 969 | (178) | 921 | - |
| | | | | <u>14,255</u> | <u>11,869</u> | <u>(14,303)</u> | <u>11,821</u> | <u>1,295</u> |
| Other long-term liabilities: | | | | | | | | |
| Compensated absences | | | | 28,161 | 16,830 | (16,779) | 28,212 | 17,343 |
| Other post-employment benefits | | | | 7,046 | 453 | - | 7,499 | - |
| Pension liability | | | | 2,607 | 1,351 | (1,223) | 2,735 | 1,684 |
| Arbitrage rebate liability | | | | 43 | - | (43) | - | - |
| Claims and judgments | | | | 27,903 | 8,825 | (11,549) | 25,179 | 8,946 |
| Pollution remediation obligation | | | | - | 166 | - | 166 | - |
| E911 Promissory Note - 2005 | 2,500 | 2013 | 4.30% | 796 | - | (389) | 407 | 407 |
| Due to other governments | | | | 1,850 | 3,541 | (1,087) | 4,304 | 586 |
| | | | | <u>68,406</u> | <u>31,166</u> | <u>(31,070)</u> | <u>68,502</u> | <u>28,966</u> |
| Total governmental activities | | | | <u>\$ 490,519</u> | <u>\$ 93,682</u> | <u>\$ (77,219)</u> | <u>\$ 506,982</u> | <u>\$ 65,716</u> |
| Business-type activities | | | | | | | | |
| Revenue bonds: | | | | | | | | |
| Recreational Facilities - 2003 | 3,460 | 2013 | 2.90-3.35% | 875 | - | (430) | 445 | 445 |
| Assembly Center - 1985 | 23,335 | 2015 | 6.60% | 5,900 | - | (1,340) | 4,560 | 1,425 |
| Lease Rev Bonds 2007A | 34,620 | 2038 | 4.625-5.25% | 34,620 | - | - | 34,620 | - |
| Lease Rev Bonds 2007B | 33,130 | 2030 | 5.06-6.6% | 32,530 | - | - | 32,530 | - |
| Capital Improvements - 2008 | 16,000 | 2027 | 3.80-6.069% | 14,230 | - | (725) | 13,505 | 835 |
| Series 2008-1 & 2008-2 - TST | 25,000 | 2039 | 6.50% | 18,392 | 750 | (340) | 18,802 | 360 |
| | | | | <u>106,547</u> | <u>750</u> | <u>(2,835)</u> | <u>104,462</u> | <u>3,065</u> |
| Unamortized discount | | | | (145) | - | 7 | (138) | - |
| | | | | <u>106,402</u> | <u>750</u> | <u>(2,828)</u> | <u>104,324</u> | <u>3,065</u> |
| Compensated absences | | | | 851 | 360 | (238) | 973 | 598 |
| Other post-employment benefits | | | | 988 | 64 | - | 1,052 | - |
| Pension liability | | | | 366 | 173 | (154) | 385 | 213 |
| Total business-type activities | | | | <u>\$ 108,607</u> | <u>\$ 1,347</u> | <u>\$ (3,220)</u> | <u>\$ 106,734</u> | <u>\$ 3,876</u> |

CITY OF TULSA
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NOTE 11. LONG-TERM LIABILITIES

Summary of general obligation bonds outstanding at year end:

| General Obligation Series | Maturity Date | Interest Rate | Ending Balance | Primary Government | Component Units |
|--|------------------|------------------|-------------------|-----------------------|--------------------|
| Series 2004-A, Refunding (3% Sewer) | 2016 | 5.0% | \$ 9,773 | \$ 9,453 | \$ 320 |
| Series 2004-B, Refunding (8% Sewer) | 2015 | 3.25-5.0% | 4,221 | 3,874 | 347 |
| Series 2005 (26% Sewer) | 2025 | 5.00% | 34,157 | 25,126 | 9,031 |
| Series 2006 (2.635% Sewer) | 2026 | 4.0-4.5% | 22,799 | 22,198 | 601 |
| Series 2007 (9.295% Sewer) | 2027 | 4.0-4.25% | 60,571 | 54,941 | 5,630 |
| Series 2008 (19.45405530% Sewer) | 2028 | 4.0-4.75% | 37,460 | 30,172 | 7,288 |
| Series 2009 (6.4604247% Sewer) | 2029 | 2.5-4.25% | 46,300 | 43,309 | 2,991 |
| Series 2009B | 2020 | 4.0-5.0% | 62,200 | 62,200 | - |
| Series 2009A, Refunding (37.668% Sewer) | 2019 | 3.0-4.0% | 11,185 | 6,972 | 4,213 |
| Series 2009B, Refunding (30.5625% Sewer) | 2021 | 3.0-5.0% | 16,649 | 11,560 | 5,089 |
| Series 2010 | 2021 | 3.0-5.0% | 70,000 | 70,000 | - |
| Series 2011 | 2032 | 2.0-3.5% | 50,000 | 50,000 | - |
| Series 2011A, Refunding | 2022 | 2.25-4.25% | 18,885 | 18,885 | - |
| Series 2012A, Refunding (100% Sewer) | 2017 | 2.25-4.25% | 10,575 | - | 10,575 |
| | | | <u>\$ 454,775</u> | <u>\$ 408,690</u> | <u>\$ 46,085</u> |

C. COMPONENT UNITS

1. Revenue Bonds

Revenue bonds outstanding include debt issued by component units of the City. The debt of these component units does not constitute debt of the City and is payable solely from resources of the authorities or trusts. Revenue bonds are collateralized primarily by the trust estates and revenues derived there from.

Various bond indentures, loan agreements, and pledge and security agreements contain significant limitations and restrictions for annual debt requirements and flow of monies through various restricted accounts.

2. Revenue Bond Refundings

TMUA - On April 18, 2012, TMUA issued \$12,685 in Series 2012 Refunding Utility Revenue Bonds. The proceeds of the issue were used to currently refund the TMUA Series 2004 Utility Revenue Bonds. This transaction will reduce debt service payments by \$1,267 over the next 13 years and result in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$889. The refunding resulted in a deferred charge of \$250 which will be amortized over the life of the new bonds. The amortization and related deferred loss are reported in the financial statements.

TPA - On June 20, 2012, TPA issued \$17,860 in Series 2012 Parking Revenue Refunding Bonds. The proceeds of the issue were used to currently refund the Series 2002 Parking Revenue Bonds and advance refund the Series 2003 and 2004 Parking Revenue Bonds.

This transaction will reduce debt service payments by \$980 over the next 16 years and result in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$896. The refunding resulted in a deferred charge of \$905 which will be amortized over the life of the new bonds. The amortization and related deferred charge are reported in the financial statements.

3. Promissory Notes

The TMUA's outstanding loans with the Oklahoma Water Resources Board are collateralized by a first lien and security interest in the TMUA's wastewater treatment system and the revenues derived there from and generally requires semi-annual principal and interest payments. During the year ended June 30, 2012, the Series 2011C Promissory Note for \$16,700 was authorized but unissued.

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 11. LONG-TERM LIABILITIES

4. Conduit Debt

To pay the costs of certain modifications, rehabilitation, and reconstruction to special facilities located at the Tulsa International Airport, the Airport issued a series of Special Facility Revenue Bonds. At June 30, 2012, Special Facility Revenue Bonds outstanding aggregated \$10,120.

The outstanding amounts are special limited obligations of the Airport, payable solely from and collateralized by a pledge of rentals to be received from a lease agreement between the Airport and Biz Jet International. The bonds do not constitute a debt or pledge of the faith and credit of the Airport or the City, and accordingly,

neither the assets nor the debt are reported in the accompanying financial statements.

Notes and bonds issued by the Tulsa Industrial Authority are utilized by industrial, commercial and other organizations to promote economic development within and near the territorial limits of the City of Tulsa. The Authority loans the proceeds from the notes and bonds to organizations or enters into lease-purchase agreements for the facilities. The notes and bonds issued by the Authority are special and limited obligations of the Authority, payable solely out of revenues from the loan agreements and security provided by the loan agreements. At June 30, 2012, the aggregate outstanding principal balances due on these notes and bonds are approximately \$167,000.

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 11. LONG-TERM LIABILITIES

Component Unit long-term liability activity is as follows:

| | Issue Amount | Maturity Date | Interest Rate | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|-----------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|------------------------|
| REVENUE BONDS: | | | | | | | | |
| <u>Tulsa Airports Improvement Trust</u> | | | | | | | | |
| Series 2000-A | \$ 11,000 | 2020 | 6.00% | \$ 5,000 | \$ - | \$ - | \$ 5,000 | \$ - |
| Series 2004-A | 17,800 | 2018 | 4.25-5.00% | 10,965 | - | (1,345) | 9,620 | 1,415 |
| Series 2004-B | 2,200 | 2017 | 4.95% | 1,200 | - | (200) | 1,000 | 200 |
| Series 2009-A | 42,705 | 2024 | 3.0 - 5.375% | 37,450 | - | (2,235) | 35,215 | 2,300 |
| Series 2009-B | 25,865 | 2031 | 3.0 - 5.75% | 24,955 | - | (930) | 24,025 | 1,185 |
| Series 2009-C | 4,020 | 2023 | 3.0 - 6.0% | 3,970 | - | (30) | 3,940 | 75 |
| Series 2009-D | 56,615 | 2031 | 2.726-7.759% | 52,675 | - | (990) | 51,685 | 770 |
| Series 2010-A | 5,770 | 2021 | 3.0 - 5.0% | 5,770 | - | (275) | 5,495 | 530 |
| Series 2010-B | 8,215 | 2021 | 2.71 - 6.5% | 7,715 | - | (640) | 7,075 | 660 |
| Series 2010-C | 13,520 | 2025 | 4.0 - 5.25% | 12,310 | - | (1,005) | 11,305 | 1,035 |
| | | | | 162,010 | - | (7,650) | 154,360 | 8,170 |
| Premium on debt issuance | | | | 87 | - | (6) | 81 | - |
| Unamortized discount | | | | (367) | - | 25 | (342) | - |
| | | | | 161,730 | - | (7,631) | 154,099 | 8,170 |
| <u>Tulsa Metropolitan Utility Authority</u> | | | | | | | | |
| Series 2003 - Refunding | 8,890 | 2019 | 3.7 - 4.45% | 5,240 | - | (580) | 4,660 | 600 |
| Series 2004 | 17,695 | 2025 | 3.5 - 4.6% | 13,300 | - | (13,300) | 0 | - |
| Series 2005 | 78,720 | 2026 | 4.0 - 4.5% | 63,970 | - | (3,015) | 60,955 | 3,145 |
| Series 2007 | 27,815 | 2027 | 4.0 - 4.5% | 20,115 | - | (2,100) | 18,015 | 2,200 |
| Series 2009 | 21,500 | 2029 | 3.0 - 4.75% | 20,195 | - | (690) | 19,505 | 715 |
| Series 2010 | 14,510 | 2030 | 2.0 - 4.0% | 14,510 | - | - | 14,510 | 550 |
| Series 2011 | 24,100 | 2031 | 0.375-4.375% | 24,100 | - | (900) | 23,200 | 830 |
| Series 2012 - Refunding | 12,685 | 2025 | 2.0 - 2.65% | - | 12,685 | - | 12,685 | 965 |
| | | | | 161,430 | 12,685 | (20,585) | 153,530 | 9,005 |
| Premium on debt issuance | | | | 892 | - | (112) | 780 | - |
| | | | | 162,322 | 12,685 | (20,697) | 154,310 | 9,005 |
| <u>Other Component Units</u> | | | | | | | | |
| Series 2002 - Parking Systems | 9,030 | 2019 | 3.8 - 4.75% | 6,605 | - | (6,605) | - | - |
| Series 2003 - Parking Systems | 12,315 | 2029 | 3.0 - 4.7% | 10,205 | - | (10,205) | - | - |
| Series 2004 - Parking Systems | 5,250 | 2020 | 2.75 - 4.25% | 3,475 | - | (3,475) | - | - |
| Series 2012 - Refunding | 17,860 | 2029 | 2.0 - 3.125% | - | 17,860 | - | 17,860 | - |
| | | | | 20,285 | 17,860 | (20,285) | 17,860 | - |
| Premium on debt issuance | | | | - | 887 | (4) | 883 | - |
| Unamortized discount | | | | (167) | - | 167 | - | - |
| | | | | 20,118 | 18,747 | (20,122) | 18,743 | - |
| | | | | <u>\$ 344,170</u> | <u>\$ 31,432</u> | <u>\$ (48,450)</u> | <u>\$ 327,152</u> | <u>\$ 17,175</u> |

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 11. LONG-TERM LIABILITIES

Component Unit long-term liability activity, continued

| Description | Issue Amount | Maturity Date | Interest Rate | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|--------------|---------------|----------------|-------------------|------------------|--------------------|-------------------|---------------------|
| PROMISSORY NOTES: | | | | | | | | |
| Tulsa Metropolitan Utility Authority | | | | | | | | |
| Series 1992-A, Sanitary Sewer | \$ 4,299 | 2012 | 0.50% | \$ 322 | \$ - | \$ (215) | \$ 107 | \$ 107 |
| Series 1997-A, Sanitary Sewer | 4,035 | 2016 | 0.50% | 1,134 | - | (207) | 927 | 206 |
| Series 1998-B, Sanitary Sewer | 4,392 | 2017 | 0.50% | 1,490 | - | (229) | 1,261 | 229 |
| Series 1998-C, Sanitary Sewer | 8,500 | 2017 | 4.95 - 5.145% | 3,980 | - | (490) | 3,490 | 515 |
| Series 2001-B, Sanitary Sewer | 4,996 | 2020 | 0.50% | 2,366 | - | (263) | 2,103 | 263 |
| Series 2002-D, Sanitary Sewer | 6,813 | 2022 | 0.50% | 3,670 | - | (350) | 3,320 | 349 |
| Series 2003, Sanitary Sewer | 4,310 | 2012 | 2.995 - 3.745% | 1,025 | - | (505) | 520 | 520 |
| Series 2004-B, Sanitary Sewer | 1,560 | 2023 | 0.50% | 1,000 | - | (80) | 920 | 80 |
| Series 2005-B, Sanitary Sewer | 7,900 | 2027 | 3.10% | 6,715 | - | (396) | 6,319 | 395 |
| Series 2005-C, Sanitary Sewer | 1,203 | 2025 | 0.50% | 872 | - | (60) | 812 | 60 |
| Series 2006-A, Sanitary Sewer | 3,130 | 2028 | 3.10% | 2,436 | 74 | (156) | 2,354 | 157 |
| Series 2006-B, Sanitary Sewer | 835 | 2016 | 1.55% | 452 | - | (85) | 367 | 91 |
| Series 2006-C, Sanitary Sewer | 17,825 | 2027 | 3.10% | 15,816 | 214 | (891) | 15,139 | 891 |
| Series 2006, Sanitary Sewer | 52,585 | 2025 | 4.145 - 5.145% | 44,674 | - | (2,179) | 42,495 | 2,265 |
| Series 2007-A, Sanitary Sewer | 5,131 | 2026 | 0.50% | 4,079 | - | (264) | 3,815 | 263 |
| Series 2007-B, Sanitary Sewer | 8,365 | 2026 | 4.15% | 7,284 | - | (331) | 6,953 | 344 |
| Series 2008-A, Water | 1,250 | 2014 | 2.03% | 228 | 738 | (313) | 653 | 313 |
| Series 2009-A, Sanitary Sewer | 11,320 | 2032 | 3.22% | 7,445 | 605 | (283) | 7,767 | 566 |
| Series 2009-B, Sanitary Sewer | 7,350 | 2032 | 2.91% | 4,217 | 592 | - | 4,809 | 268 |
| Series 2009-C, Water | 5,225 | 2032 | 2.82% | 2,280 | 1,359 | (65) | 3,574 | 132 |
| Series 2010-A, Sanitary Sewer | 27,757 | 2032 | 2.39% | 2,274 | 8,442 | - | 10,716 | 694 |
| Series 2010-B, Sanitary Sewer | 32,000 | 2030 | 0.645 - 5.145% | 29,380 | - | (1,055) | 28,325 | 1,060 |
| Series 2011-B, Sanitary Sewer | 14,275 | 2032 | .0545-5.145% | 14,275 | - | - | 14,275 | 500 |
| Series 2012-B, Sanitary Sewer | 11,355 | 2033 | 3.162% | - | 11,355 | - | 11,355 | 220 |
| | | | | 157,414 | 23,379 | (8,417) | 172,376 | 10,488 |
| Premium on debt issuance-TMUA | | | | 2,626 | 89 | (284) | 2,431 | - |
| Unamortized discount-TMUA | | | | (106) | - | 21 | (85) | - |
| | | | | <u>\$ 159,934</u> | <u>\$ 23,468</u> | <u>\$ (8,680)</u> | <u>\$ 174,722</u> | <u>\$ 10,488</u> |
| GENERAL OBLIGATION BONDS: | | | | | | | | |
| Tulsa Metropolitan Utility Authority | | | | | | | | |
| Series 2002-C, Refunding | 28,000 | 2017 | 4.0-5.0% | 12,600 | - | (12,600) | - | - |
| Series 2004-A, Refunding | 949 | 2016 | 5.0% | 396 | - | (76) | 320 | 79 |
| Series 2004-B, Refunding | 1,038 | 2015 | 3.25-5.0% | 461 | - | (114) | 347 | 115 |
| Series 2005, Sanitary Sewer | 13,219 | 2025 | 5.0% | 9,732 | - | (701) | 9,031 | 698 |
| Series 2006, Sanitary Sewer | 817 | 2026 | 4.0-4.5% | 645 | - | (44) | 601 | 43 |
| Series 2007, Sanitary Sewer | 6,757 | 2027 | 4.0-4.25% | 6,004 | - | (374) | 5,630 | 376 |
| Series 2008, Sanitary Sewer | 8,659 | 2028 | 4.0-4.75% | 7,745 | - | (457) | 7,288 | 457 |
| Series 2009, Sanitary Sewer | 3,347 | 2029 | 2.5-4.25% | 3,169 | - | (178) | 2,991 | 178 |
| Series 2009A Refunding, Sanitary Sewer | 5,532 | 2019 | 3.0-4.0% | 4,865 | - | (652) | 4,213 | 636 |
| Series 2009B Refunding, Sanitary Sewer | 6,340 | 2021 | 3.0-5.0% | 5,709 | - | (620) | 5,089 | 607 |
| Series 2012A Refunding, Sanitary Sewer | 10,575 | 2017 | 4.00% | - | 10,575 | - | 10,575 | 2,280 |
| | | | | 51,326 | 10,575 | (15,816) | 46,085 | 5,469 |
| Premium on debt issuance-TMUA | | | | 1,364 | 960 | (289) | 2,035 | - |
| | | | | <u>\$ 52,690</u> | <u>\$ 11,535</u> | <u>\$ (16,105)</u> | <u>\$ 48,120</u> | <u>\$ 5,469</u> |

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
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(dollar amounts expressed in thousands)

NOTE 11. LONG-TERM LIABILITIES

Principal and Interest Payments in Subsequent Years:

| Year | Primary Government | | | | | |
|-----------|--------------------|-------------------|-------------------|------------------|------------------|--------------|
| | General Obligation | | Revenue Bonds | | Promissory Notes | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2013 | \$ 35,455 | \$ 16,765 | \$ 4,360 | \$ 5,714 | \$ 407 | \$ 13 |
| 2014 | 37,992 | 15,372 | 5,383 | 6,206 | - | - |
| 2015 | 37,901 | 13,870 | 5,662 | 5,915 | - | - |
| 2016 | 36,656 | 12,292 | 4,248 | 5,661 | - | - |
| 2017 | 34,068 | 10,788 | 4,480 | 5,451 | - | - |
| 2018-2022 | 141,402 | 32,182 | 20,154 | 23,657 | - | - |
| 2023-2027 | 65,811 | 11,084 | 19,545 | 17,852 | - | - |
| 2028-2032 | 19,405 | 1,450 | 21,070 | 11,341 | - | - |
| 2033-2037 | - | - | 25,057 | 4,929 | - | - |
| 2038-2042 | - | - | 5,403 | 187 | - | - |
| | <u>\$ 408,690</u> | <u>\$ 113,803</u> | <u>\$ 115,362</u> | <u>\$ 86,913</u> | <u>\$ 407</u> | <u>\$ 13</u> |

| Year | Component Units | | | | | |
|-----------|--------------------|------------------|-------------------|-------------------|-------------------|------------------|
| | General Obligation | | Revenue Bonds | | Promissory Notes | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2013 | \$ 5,469 | \$ 1,939 | \$ 17,175 | \$ 14,721 | \$ 10,488 | \$ 6,032 |
| 2014 | 5,358 | 1,727 | 19,595 | 14,098 | 10,948 | 5,884 |
| 2015 | 5,249 | 1,519 | 21,460 | 13,427 | 10,852 | 5,559 |
| 2016 | 5,039 | 1,307 | 21,260 | 12,650 | 11,004 | 5,221 |
| 2017 | 4,852 | 1,105 | 21,170 | 11,846 | 11,040 | 4,870 |
| 2018-2022 | 12,093 | 3,343 | 97,060 | 46,855 | 51,467 | 18,762 |
| 2023-2027 | 7,269 | 1,059 | 82,680 | 25,215 | 45,748 | 9,035 |
| 2028-2032 | 756 | 40 | 45,350 | 7,044 | 20,104 | 2,108 |
| 2033-2037 | - | - | - | - | 725 | 24 |
| | <u>\$ 46,085</u> | <u>\$ 12,039</u> | <u>\$ 325,750</u> | <u>\$ 145,856</u> | <u>\$ 172,376</u> | <u>\$ 57,495</u> |

Variable Rate Terms - Interest requirements for variable rate debt are calculated using the interest rate effective at the end of the reporting year. The interest rate is reset semiannually and is based upon the Oklahoma Water Resources Board bond rate plus program costs. The variable rate included in the above requirements is 2.115%, which includes program costs of 1.465% and an interest rate of .65%.

D. APPLICABILITY OF FEDERAL ARBITRAGE REGULATIONS

Debt issuances of the City and various Authorities issued after the Tax Reform Act of 1986 are subject to the federal arbitrage regulations. The arbitrage rebate regulations require that all earnings from the investment of gross proceeds of a bond issue in excess of the amount that could have been earned, had the yield on the investment been equal to the yield on the bonds, be remitted to the federal government. These rules carry strict penalties for noncompliance, including taxability of interest retroactive to the date of the issue. City management believes the City is in compliance with these rules and regulations.

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NOTE 11. LONG-TERM LIABILITIES

E. DEFEASED DEBT

Certain outstanding general obligation and revenue bonds of the City have been defeased by placing the proceeds of refunding bonds in irrevocable escrow accounts held and managed by bank trustees, and invested in U. S. Treasury obligations, the principal and interest on which would provide amounts sufficient to pay the principal and interest on the defeased bonds in accordance with the schedule of remaining payments due. Accordingly, the escrow accounts and the defeased bonds are not included in the City's financial statements. The defeased bonds outstanding and considered extinguished are as follows:

| | |
|--------------------------------|----------|
| <u>Tulsa Airport</u> | |
| 1997B Revenue Bonds | \$18,700 |
| | |
| <u>Tulsa Parking Authority</u> | |
| 2003 Parking Revenue Bonds | \$ 9,820 |
| 2004 Parking Revenue Bonds | \$ 3,145 |

F. NET PENSION OBLIGATION

The net pension obligation was calculated as follows:

| | |
|---|------------------------|
| Annual Required Contribution | \$ 11,205 |
| Interest on Net Pension Obligation | 414 |
| Adjustment to Annual Required Contribution | <u>(320)</u> |
| Annual Pension Cost | 11,299 |
| Contributions | <u>(10,923)</u> |
| Increase (Decrease) in Net Pension Obligation | 376 |
| Net Pension Obligation, beginning of year | <u>5,338</u> |
| Net Pension Obligation, end of year | <u><u>\$ 5,714</u></u> |

Net Pension Obligation reported in:

| | |
|--------------------------|------------------------|
| Governmental activities | 2,735 |
| Business type activities | 385 |
| Component units | <u>2,594</u> |
| | <u><u>\$ 5,714</u></u> |

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(dollar amounts expressed in thousands)

NOTE 12. FUND BALANCES OF GOVERNMENTAL FUNDS

The details for the City's fund balances are as follows:

| | General | Debt Service | Bond | Sales Tax | Other Governmental Funds | Total Governmental Funds |
|---|-----------|--------------|------------|------------|--------------------------------|--------------------------------|
| Fund balances: | | | | | | |
| Nonspendable: | | | | | | |
| Not in spendable form: | | | | | | |
| Advances to other funds | \$ 606 | \$ - | \$ - | \$ - | \$ - | \$ 606 |
| Restricted for: | | | | | | |
| Debt service | - | 45,363 | - | - | - | 45,363 |
| Capital projects | - | - | 159,523 | 139,976 | 6,068 | 305,567 |
| Federal and state grants | - | - | - | - | 1,197 | 1,197 |
| E-911 operations | - | - | - | - | 2,204 | 2,204 |
| Economic development | - | - | - | - | 285 | 285 |
| Tourism and convention | - | - | - | - | 439 | 439 |
| Tulsa Stadium district improvements | - | - | - | - | 588 | 588 |
| Law enforcement training | - | - | - | - | 83 | 83 |
| Juvenile crime | - | - | - | - | 17 | 17 |
| Miscellaneous special revenue funds | - | - | - | - | 543 | 543 |
| | - | 45,363 | 159,523 | 139,976 | 11,424 | 356,286 |
| Committed: | | | | | | |
| Operation of Air Force Plant 3 facility | - | - | - | - | 1,063 | 1,063 |
| Whittier Square district improvements | - | - | - | - | 32 | 32 |
| | - | - | - | - | 1,095 | 1,095 |
| Assigned to: | | | | | | |
| Budgetary resources for subsequent year | 20,690 | - | - | - | - | 20,690 |
| Capital projects | - | - | - | - | 716 | 716 |
| Public safety body armor | 98 | - | - | - | - | 98 |
| MTTA operations | 201 | - | - | - | - | 201 |
| | 20,989 | - | - | - | 716 | 21,705 |
| Unassigned | | | | | | |
| | 49,540 | - | - | - | (145) | 49,395 |
| | \$ 71,135 | \$ 45,363 | \$ 159,523 | \$ 139,976 | \$ 13,090 | \$ 429,087 |

The purpose of each major special revenue fund and revenue source is listed below:

| <u>Major Special Revenue Fund</u> | <u>Revenue source</u> |
|-----------------------------------|---|
| Debt Service | Collection of property tax assessments |
| Bond fund | Proceeds from bond issuances for capital projects |
| Sales tax fund | Collection of sales taxes |

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(dollar amounts expressed in thousands)

NOTE 13. PLEDGED REVENUES

1. Tax Increment Revenues Pledged

In March 2006, the City passed an ordinance creating the Tulsa Hills Increment District, a Tax Increment Financing District. In June 2006, the TIA issued its Series 2006 Tax Apportionment Bonds in the amount of \$18,500 to finance improvements within the Tulsa Hills Increment District.

The City pledged a portion of its future sales tax revenues to repay these bonds. The 2006A bonds are payable from increased ad valorem tax revenue derived from increased property valuations within the district. The 2006B bonds are payable from incremental sales tax revenues pledged by the City and generated by increased retail sales in the district. Incremental ad valorem tax and sales tax revenues combined were projected to produce a range from 134.3% to 345.7% of the debt service requirements over the life of the bonds. Revenues from ad valorem and sales tax in excess of debt service requirements are cross pledged.

Principal and interest of \$6,385 and \$1,480, respectively remains on the Series 2006A Ad valorem Tax Increment Bonds, payable through January 2017. Principal and interest of \$8,935 and \$4,122 respectively, remains on the Series 2006B Sales Tax Increment Bonds, payable through July 2021. Principal payments for the Series 2006A&B bonds amounted to \$1,015 and \$205, respectively, and interest amounted to \$541 and \$678, respectively. Total gross revenues were \$1,940 from ad valorem taxes and \$7,284 from sales taxes.

2. Sales Tax Revenues Pledged

Capital Improvements 2006A - In May 2006, the City approved the levy of a one percent sales tax for the purpose of providing funds for certain specified capital improvements, and reducing indebtedness of trust authorities for which the City is beneficiary made for such capital improvements. In June 2006, TPFA issued Series 2006A capital improvement revenue bonds in the amount of \$72,965 to finance the specified capital improvements. The City pledged a portion of its future sales tax revenues to repay these bonds through June 2012. Principal and interest payments during the year were \$14,831. This debt issue was paid off in the current year. Total sales tax revenues related to the levy were \$7,482.

3. Revenues Pledged in Connection with Proprietary Fund Debt

Lease Revenue Bonds 2007A&B - TPFA has pledged future gross lease revenues derived from the operation of the OTC facility, including money received from the City pursuant to the lease and other funds, to repay approximately \$67,750 in revenue bonds issued. Proceeds from the bonds provided financing for the acquisition and improvement of the facilities. The bonds are payable from new and existing leases and other revenues and are payable through 2038. Annual principal and interest payments on the bonds required 45% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$126,576. Principal and interest paid on the bonds amounted to \$3,734. Total gross revenues were \$8,372.

Recreational Facilities 2003 - The TPFA has pledged future gross revenues derived from the operations of certain golf courses to repay approximately \$3,460 in recreational facility bonds issued. Proceeds from the bonds refunded existing debt issued for the construction of an 18 hole golf course and improvements of a 36 hole golf course owned by the City. The bonds are payable from gross revenue and certain payments from the City through November 2012. Annual principal and interest payments on the bonds required 18% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$452. Principal and interest paid for the year was \$452. Total gross revenues were \$2,551.

Assembly Center 2008 - The TPFA has pledged future gross lease revenues derived from the operation of the Convention Center facilities, including money received from the City pursuant to the lease and other funds, to repay approximately \$23,335 in lease revenue bonds issued. Proceeds from the bonds provided financing for certain improvements, additions, and the refunding of existing debt issued to construct the facilities. The bonds are payable from new and existing leases and other revenues and are payable through 2015. The total principal and interest remaining to be paid on the bonds is \$5,024. Principal and interest paid for the year was \$1,685. Total hotel/motel taxes received by the Authority for debt service were \$1,685.

Capital Improvements 2008 - The TPFA has pledged future sponsorship and naming rights revenues derived from the operation of the BOK Arena to repay approximately \$16,000 in capital improvement bonds issued. Proceeds from the bonds provided financing for the acquisition, construction, furnishing and equipping of capital improvements and additions to the BOK Arena. The bonds are payable from new and existing sponsorship and naming rights revenues and are payable through 2027. The total principal and interest remaining to be paid on the bonds is \$19,947. Principal and interest paid for the year was \$1,577. Total gross sponsorship and naming rights revenues were \$2,090.

Series 2008-1 & 2008-2 - The TST has pledged future gross revenues derived from operations of the baseball stadium and related facilities to repay approximately \$24,711 in revenue bonds issued. Proceeds from the bonds provided financing for construction of the baseball stadium and related facilities. The bonds are payable from gross revenues along with property tax assessments of the Tulsa Stadium Improvement District received from the City and are payable through 2035. Annual principal and interest payments on the bonds required 66% of total gross revenues. The total principal and interest remaining to be paid on the bonds is \$37,519. Principal and interest required to be paid for the year was \$1,556 exclusive of any additional amounts paid. Total gross revenues were \$246 and property tax assessments received from the City were \$2,108.

4. Revenues Pledged in Connection with Component Unit Debt

TMUA - The TMUA has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay \$153,530 and \$172,376 in

CITY OF TULSA
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012
 (dollar amounts expressed in thousands)

NOTE 13. PLEDGED REVENUES

water and wastewater system revenue bonds and promissory notes issued, respectively. Proceeds from the bonds and promissory notes provided financing for the construction of various water and wastewater capital projects. The bonds and promissory notes are payable solely from water and wastewater net revenues and are payable through 2033. Annual principal and interest payments on the bonds required between 35% and 70% of water and wastewater net revenues, respectively. The total principal and interest remaining to be paid on the bonds is \$207,968 and \$229,871 for water and wastewater, respectively. Combined principal and interest paid for the year were \$27,620 and \$14,128, for water and wastewater respectively. Total net revenues were \$37,117 and \$64,682, respectively.

Airport - The TAIT has pledged future gross revenues derived from the operation of the Airports to repay approximately \$187,710 in revenue bonds issued. Proceeds from the bonds provided financing for various airport capital projects and debt refundings. The bonds

are payable solely from gross revenues and are payable through 2031. Annual principal and interest payments on the bonds required 38% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$245,757. Principal and interest paid for the year was \$17,188, exclusive of the debt refunding. Total gross revenues were \$45,580.

TPA - The TPA has pledged future gross revenues derived from the operation of the parking facilities to repay approximately \$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 2028. Annual principal and interest payments on the bonds required 44% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$21,864. Principal and interest paid for the year was \$2,665. Total gross revenues were \$6,103.

NOTE 14. LEASE COMMITMENTS

Operating Leases

The City has entered into a number of operating leases. These leases contain cancellation provisions and are subject to annual appropriations. Lease expenditures were \$870 for all types of leases for the primary government and \$495 for its component units.

for the ultimate development stage, it is 3.23%. There is an outlet works and four storage spaces referenced in the contract. Payment terms are annual. The maturity date and interest rate for the outlet work and storage space one are 2012 and 2.5%, respectively. The maturity date and interest rate for the remaining three storage spaces are 2031 and 3.23% respectively. There are also annual operation and maintenance expenses included.

Capital Lease

On December 2, 1984, TMUA entered a contract with 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% and

The Authority leases water storage space at Lake Oologah and the lease payments are subject to a consumer price index adjustment. The minimum lease payments under the lease are as follows:

| | Principal | Interest | Operating Expense | Total |
|-----------|-----------------|-----------------|-------------------|-----------------|
| 2013 | \$ 176 | \$ 146 | \$ 169 | \$ 491 |
| 2014 | 182 | 140 | 169 | 491 |
| 2015 | 188 | 134 | 169 | 491 |
| 2016 | 194 | 128 | 169 | 491 |
| 2017 | 200 | 122 | 169 | 491 |
| 2018-2022 | 1,103 | 510 | 844 | 2,457 |
| 2023-2027 | 1,293 | 320 | 844 | 2,457 |
| 2028-2031 | 1,193 | 99 | 674 | 1,966 |
| | <u>\$ 4,529</u> | <u>\$ 1,599</u> | <u>\$ 3,207</u> | <u>\$ 9,335</u> |

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(dollar amounts expressed in thousands)

NOTE 15. CONTINGENT LIABILITIES

Police Probe - The City is a named defendant in multiple civil cases arising from a federal investigation which charged six former or current police officers and a former federal agent in a corruption probe. Charges include allegations that the officers stole drug money, falsified reports, planted drugs, committed perjury and violated civil rights.

Twenty-one individuals, two of which were serving life sentences, were freed from prison or their conviction or case was dismissed because of the federal investigation.

The City is an active defendant in at least 11 civil cases, has settled one and has been dismissed from three others. At this time, the City is unable to form an opinion as to the outcome of this litigation.

Airport - Great Plains Airlines: In December 2000, the Tulsa Airports Improvement Trust ("TAIT") entered into a Support (Contingent Purchase and Sale) Agreement with the Tulsa Industrial Authority (TIA) and Bank of Oklahoma (BOK) as part of a \$30 million loan transaction involving the City of Tulsa, TIA, Great Plains Airlines (GPA), and BOK. The Support Agreement included a provision that upon the occurrence of a trigger event (as defined by the loans), BOK could direct TIA to sell the property to TAIT for the amount of any existing indebtedness on the loan to GPA. GPA declared bankruptcy in January 2004.

The Office of the Inspector General of the U.S. Department of Transportation was asked to perform a review of certain issues at the Authority, and which later included the financial support of GPA. In May 2004, the Inspector General noted improprieties with the Support Agreement and notified the Federal Aviation Administration (FAA). The FAA advised TAIT that airport funds were not to be used to subsidize airlines and that should TAIT purchase the property under the Support Agreement, it would constitute a direct subsidy to the airline in violation of FAA policy.

In October 2004, TIA (at the direction of BOK) filed suit against TAIT and its former legal counsel. The City was included in the litigation and the matter was settled between the City, BOK and the Airport Trustees on June 26, 2008. The settlement in the case was pursuant to a Settlement Agreement approved by the District Court.

On July 8, 2008 the City received a taxpayers' Qui Tam Demand challenging the legality of the settlement. In response, and according to the terms of the Settlement Agreement, the Mayor and City filed a Declaratory Judgment action in Tulsa County District Court on July 14, 2008, seeking a judicial

declaration that their actions in executing the Settlement Agreement and transferring the Settlement Payment were authorized by Oklahoma law. The District Court determined the action taken by the City was a proper response to the Taxpayers' Qui Tam Demand and the Taxpayers had no right to recover a Qui Tam penalty and granted the City's Motion for Partial Summary Judgment.

The Taxpayers appealed the decision and in October 2011, the Oklahoma Supreme Court ruled that BOK's claim against the City was not viable and remanded the matter for the District Court to direct the repayment from BOK to the City of Tulsa. On July 13, 2012, the Mandate was received and filed in Tulsa County. The City of Tulsa confirmed receipt of \$7.1 million from BOKF, NA (formerly Bank of Oklahoma NA) on July 18, 2012.

Taxpayers filed an Application for Statutory Reward and Alternative Motion for Compensation on July 31, 2012 which was denied. Taxpayers filed their Petition in Error with the Oklahoma Supreme Court.

TIA/BOKF, NA may re-initiate its proceedings against the Tulsa Airports Improvement Trust.

Other Litigation: The City is a party to numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the City for property damages and personal injury, employment related matters, civil rights matters, alleged breaches of contract, condemnation proceedings and other alleged violations of city, state and federal laws. Although the aggregated claims are material and the outcome of each claim is not presently determinable, Management believes that the resolution of these matters will not have a material adverse effect on the financial condition of the City government. Resulting judgments, if any, will likely be paid from ad valorem taxes to be received over a three year period.

Federal Grants: In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of audits of grant funds is not believed to be material.

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(dollar amounts expressed in thousands)

NOTE 16. COMMITMENTS

Encumbrance balances in the funds at June 30, 2012 are as follows:

| | |
|----------------------------------|-------------------|
| Governmental Funds: | |
| Major Funds: | |
| General Fund | \$ 9,300 |
| Sales Tax Fund | 30,311 |
| Bond Fund | 57,201 |
| Nonmajor Funds | <u>16,472</u> |
| Total Governmental Funds | <u>113,284</u> |
| Internal Service Funds | <u>2,215</u> |
| Enterprise Funds | |
| Stormwater Management Fund | 3,439 |
| One Technology Center Fund | 365 |
| Arena and Convention Center Fund | 248 |
| Non Major-Golf Course Fund | <u>115</u> |
| Total Enterprise Funds | <u>4,167</u> |
| Total Primary Government | <u>\$ 119,667</u> |

NOTE 17. SUBSEQUENT EVENTS

The City has evaluated events or transactions for potential recognition or disclosure in these financial statements that occurred subsequent to June 30, 2012 through November 28, 2012, the date these financial statements were available to be issued.

General Obligation Bonds - On December 6, 2012 the City Council authorized the sale of the General Obligation Bonds Series 2013 dated March 1, 2013, in the amount of \$45,000. The proceeds will provide funds for the purpose of financing a portion of the costs for streets and bridge improvements.

TMUA Promissory Note Refunding - On August 29, 2012, TMUA refunded its Promissory Note Series 1998C in the amount of \$2,700.

Airports Improvement Trust Revenue Bonds, \$14,625 - On August 7, 2012, TAIT issued \$14,625 in revenue

bonds to finance runway reconstruction. The issuance of the revenue bonds will allow TAIT to compress four years of runway reconstruction into one, while reducing costs.

Airports Improvement Trust Revenue Bonds \$2,000 - On August 29, 2012, TAIT issued \$2,000 in revenue bonds to finance the purchase and installation of a financial management system.

TPFA Capital Improvements Revenue Taxable Refunding Bonds - On November 15, 2012 TPFA authorized the sale of the Capital Improvements Revenue Bonds Taxable Refunding Series 2012 dated December 13, 2012, in the amount of \$9,480. The proceeds will provide funds for the purpose of refunding a portion of the Lease Payment Revenue Bonds Taxable Series 2007B, fund a Sinking Reserve Fund, and pay the costs of issuance of the bonds.

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(dollar amounts expressed in thousands)

NOTE 18. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 67 - *Financial Reporting for Pension Plans*, an amendment of GASB Statement No. 25 - This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

This Statement and Statement No. 68 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The scope of this Statement addresses accounting and financial reporting for the activities of pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. Distinctions are made regarding the particular requirements depending upon the type of pension plan administered.

The provisions of Statement No. 67 are effective for the fiscal year ending June 30, 2014. The City is currently evaluating the impact of adopting this Statement.

GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* - The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense / expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The provisions of Statement 68 are effective for the fiscal year ending June 30, 2015. The City is currently evaluating the impact of adopting this Statement.

CITY OF TULSA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION TRUST
June 30, 2012

(dollar amounts expressed in thousands)

SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| 1/1/12 | \$ 378,454 | \$ 495,920 | \$ 117,466 | 76.3% | \$ 104,313 | 112.6% |
| 1/1/11 | 372,469 | 484,698 | 112,229 | 76.8% | 101,690 | 110.4% |
| 1/1/10 | 365,775 | 457,233 | 91,458 | 80.0% | 108,423 | 84.4% |
| 1/1/09 | 359,191 | 437,504 | 78,313 | 82.1% | 111,170 | 70.4% |
| 1/1/08 | 392,428 | 412,704 | 20,276 | 95.1% | 107,574 | 18.8% |
| 1/1/07 | 370,778 | 384,173 | 13,395 | 96.5% | 103,358 | 13.0% |

SCHEDULE OF EMPLOYER CONTRIBUTIONS

| Year | Annual Required Contribution | Percentage Contributed |
|------|------------------------------------|---------------------------|
| 2012 | \$ 11,205 | 97% |
| 2011 | 9,783 | 72% |
| 2010 | 9,747 | 72% |
| 2009 | 7,004 | 100% |
| 2008 | 6,777 | 100% |
| 2007 | 6,512 | 100% |

SCHEDULE OF ACTUARIAL VALUATION, METHODS AND ASSUMPTIONS

| | |
|----------------------------------|---------------------|
| Valuation date | January 1, 2012 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level percent, open |
| Remaining amortization periods | 30 years |
| Actuarial asset valuation method | 5 year smoothed FMV |
| Investment rate of return | 7.75% |
| Projected salary increases | 4.25%-13.70% |
| Inflation Rate | 3.25% |
| Cost-of-living adjustments | None |

CITY OF TULSA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS
June 30, 2012

(dollar amounts expressed in thousands)

SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| 7/1/11 | \$ - | \$ 27,437 | \$ 27,437 | 0.0% | \$ 98,670 | 27.8% |
| 7/1/10 | - | 34,166 | 34,166 | 0.0% | 102,941 | 33.2% |
| 7/1/09 | - | 33,852 | 33,852 | 0.0% | 134,178 | 25.2% |

SCHEDULE OF ACTUARIAL VALUATION, METHODS AND ASSUMPTIONS

| | |
|--|---------------|
| Valuation date | July 1, 2011 |
| Actuarial cost method | Entry Age |
| Amortization method | Level dollar |
| Remaining amortization periods | 30 years open |
| Discount rate | 4.0% |
| Inflation rate | 3.25% |
| Initial annual healthcare cost trend rate | 9.0% |
| Annual reduction of healthcare cost trend rate | 0.5% |
| Ultimate annual healthcare cost trend rate | 5.0% |

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NONMAJOR GOVERNMENTAL FUNDS

BALD EAGLE



- EAGLE VIEWING -

Eagle viewing in the Tulsa area became popular approximately 30 years ago when the Tulsa Audubon society started its public watch program. Today, there are more than 20 parks, refuges and bird-watching organizations that conduct tours and programs each winter in order to catch a glimpse of this majestic creature.

Governmental Funds Subsection

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS - are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

- Federal and State Grants Fund - Accounts for grants received from the U.S. Department of Health & Human Services, U.S. Department of Housing and Urban Development, U.S. Department of Labor, U.S. Department of Justice, the Federal Aviation Administration, the Urban Mass Transit Administration, various other federal agencies and the State of Oklahoma.
- E-911 Operating Fund - Accounts for the collection of E-911 fees and operating expenditures incurred in the provision of emergency 911 services.
- Economic Development Fund - Accounts for 38% of the City's hotel/motel excise tax revenue and economic development activity expenditures in conjunction with the Tulsa Chamber of Commerce.
- Tourism and Convention Fund - Accounts for 62% of the City's hotel/motel revenue tax. These monies are used to promote convention activities and to make monthly rental payments to Tulsa Public Facilities Authority.
- Tulsa Stadium Improvements District Fund - Accounts for a special assessment tax to be used for funding for ONEOK Field Baseball Park, home of the Tulsa Drillers minor league baseball team and to provide services to the downtown area.
- Special Development Fund - A grouping of eleven small funds with varying restricted revenue expenditure types. The two most significant funds are the Air Force Plant 3 Fund, and Penalty Assessment Law Enforcement Training Fund.

CAPITAL PROJECTS FUNDS - are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

- Graham Trust Park Division - Accounts for park capital improvements financed by donations from the Graham Trust.
- Long Range Capital Projects Fund - Accounts for other capital projects that will take more than one year to complete.
- Vision 2025 Capital Projects Fund - Accounts for revenue and capital improvements financed through contributions from the Tulsa County Bond Fund.
- Parkway Arterial Street - Accounts for fee in lieu of payments from developers for sidewalk improvements.
- Enhanced 911 Construction Fund - Accounts for funds allocated for the Construction of the E-911 facility.

BUDGET AND ACTUAL SCHEDULES - Budgetary Basis - Budgetary Level of Control

- General Fund -
 - Schedule of Revenues
 - Schedule of Expenditures and Encumbrances
- Nonmajor Special Revenue Funds (except for Federal and State Grants Fund, EMSA Utility Fund and Special Development Fund) -
 - Schedules of Revenues, Expenditures and Changes in Fund Balance

CITY OF TULSA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012
(amounts expressed in thousands)

| | Special Revenue | | | | | | | Capital Projects | | | | | Total Nonmajor Governmental Funds |
|---|--------------------------------|--------------------|-------------------------|------------------------------|--|------------------------|-----------------------------------|-----------------------------------|--------------------------------|------------------------------|-----------|--|--|
| | Federal and State Grants | E-911 Operating | Economic Development | Tourism and Convention | Tulsa Stadium Improvement District | Special Development | Grahams Trust Park Division | Long Range Capital Projects | Parkway Arterial Streets | Enhanced 911 Construction | | | |
| Assets | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 863 | \$ 2,473 | \$ 433 | \$ 1,170 | \$ 676 | \$ 1,662 | \$ 700 | \$ 4,730 | \$ 14 | \$ 1,347 | \$ 14,068 | | |
| Receivables, net | 7,451 | 297 | 238 | 425 | 308 | 12 | 2 | - | - | - | 8,733 | | |
| Total assets | \$ 8,314 | \$ 2,770 | \$ 671 | \$ 1,595 | \$ 984 | \$ 1,674 | \$ 702 | \$ 4,730 | \$ 14 | \$ 1,347 | \$ 22,801 | | |
| Liabilities | | | | | | | | | | | | | |
| Accounts payable and accrued liabilities | 1,576 | 159 | 386 | 48 | 91 | 81 | - | 3 | - | 6 | 2,350 | | |
| Unearned revenue | 445 | - | - | - | - | - | - | - | - | - | 445 | | |
| Advances from other funds | 134 | 407 | - | 1,108 | - | - | - | - | - | - | 1,649 | | |
| Total liabilities | 2,155 | 566 | 386 | 1,156 | 91 | 81 | - | 3 | - | 6 | 4,444 | | |
| Deferred inflows of resources | | | | | | | | | | | | | |
| Unavailable revenue- special assessments | - | - | - | - | 305 | - | - | - | - | - | 305 | | |
| Unavailable revenue- intergovernmental | 4,962 | - | - | - | - | - | - | - | - | - | 4,962 | | |
| Total unavailable revenue | 4,962 | - | - | - | 305 | - | - | - | - | - | 5,267 | | |
| Fund balances (deficit): | | | | | | | | | | | | | |
| Restricted | 1,197 | 2,204 | 285 | 439 | 588 | 643 | - | 4,727 | - | 1,341 | 11,424 | | |
| Committed | - | - | - | - | - | 1,095 | - | - | - | - | 1,095 | | |
| Assigned | - | - | - | - | - | (145) | 702 | - | 14 | - | 716 | | |
| Unassigned | - | - | - | - | - | (145) | - | - | - | - | (145) | | |
| Total fund balances | 1,197 | 2,204 | 285 | 439 | 588 | 1,593 | 702 | 4,727 | 14 | 1,341 | 13,090 | | |
| Total liabilities, deferred resources and fund balance | \$ 8,314 | \$ 2,770 | \$ 671 | \$ 1,595 | \$ 984 | \$ 1,674 | \$ 702 | \$ 4,730 | \$ 14 | \$ 1,347 | \$ 22,801 | | |

CITY OF TULSA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2012
(amount expressed in thousands)

| | Special Revenue | | | | | Capital Projects | | | | | Total Nonmajor Governmental Funds | |
|---|--------------------------|-----------------|----------------------|------------------------|------------------------------------|---------------------|-----------------------------|-----------------------------|------------------------------|-------------------------|-----------------------------------|---------------------------|
| | Federal and State Grants | E-911 Operating | Economic Development | Tourism and Convention | Tulsa Stadium Improvement District | Special Development | Grahams Trust Park Division | Long Range Capital Projects | Vision 2025 Capital Projects | Parkway Arterial Street | | Enhanced 911 Construction |
| Revenues: | | | | | | | | | | | | |
| Franchise tax | - | - | - | - | - | - | - | - | - | - | - | 1,119 |
| Hotel/Motel tax | - | - | 2,333 | 3,666 | - | - | - | - | - | - | - | 5,999 |
| Special assessment | - | - | - | - | 3,155 | 9 | - | - | - | - | - | 3,164 |
| Charges for services | - | 4,165 | - | - | - | 182 | - | 338 | - | - | - | 4,685 |
| Intergovernmental revenues | 14,116 | 11 | - | - | - | 220 | - | - | 4,246 | - | - | 18,593 |
| Fines and forfeitures | - | - | - | - | - | 152 | - | - | - | - | - | 152 |
| Investment income | 8 | 52 | - | 36 | 15 | 14 | 9 | - | - | - | - | 134 |
| Program income from grants | 1,763 | - | - | - | - | - | - | - | - | - | - | 1,763 |
| Payments from component units | 668 | - | - | - | - | - | - | - | - | - | - | 668 |
| Miscellaneous | 258 | - | - | 39 | - | 23 | 693 | 83 | - | - | - | 1,096 |
| Total revenue | 16,813 | 4,228 | 2,333 | 3,741 | 3,170 | 600 | 702 | 1,540 | 4,246 | - | - | 37,373 |
| | | | | | | | | | | | | |
| Expenditures: | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| Administration and support | - | - | - | - | 65 | - | - | - | - | - | - | 65 |
| Public safety and protection | 6,783 | 4,310 | - | - | - | 225 | - | - | - | - | - | 11,318 |
| Public works and transportation | - | 260 | - | - | 880 | - | - | - | - | - | - | 1,140 |
| Culture and recreation | - | - | - | 432 | - | 164 | - | - | - | - | - | 596 |
| Social and economic development | 7,884 | - | 2,373 | - | - | 175 | - | - | - | - | - | 10,432 |
| Payments to component units | 346 | - | - | - | - | - | - | - | 134 | - | - | 480 |
| Capital outlay | 4,881 | - | - | 87 | 1 | 63 | - | 124 | 4,112 | - | 967 | 10,235 |
| Total expenditures | 19,894 | 4,570 | 2,373 | 519 | 946 | 627 | - | 124 | 4,246 | - | 967 | 34,266 |
| | | | | | | | | | | | | |
| Excess (deficiency) of revenues over expenditures | (3,081) | (342) | (40) | 3,222 | 2,224 | (27) | 702 | 1,416 | - | - | (967) | 3,107 |
| Other financing sources (uses): | | | | | | | | | | | | |
| Transfers in | 2,303 | - | - | - | - | 10 | - | - | - | - | - | 3,969 |
| Transfers out | (670) | - | - | (3,870) | (2,235) | - | - | 1,656 | - | - | - | (6,775) |
| Total other financing sources (uses) | 1,633 | - | - | (3,870) | (2,235) | 10 | - | - | - | - | - | (2,806) |
| | | | | | | | | | | | | |
| Net change in fund balances | (1,448) | (342) | (40) | (648) | (11) | (17) | 702 | 3,072 | - | - | (967) | 301 |
| Fund balance, beginning of year | 2,645 | 2,646 | 325 | 1,087 | 599 | 1,610 | - | 1,655 | - | 14 | 2,308 | 12,789 |
| Fund balance, end of year | \$ 1,197 | \$ 2,204 | \$ 285 | \$ 439 | \$ 588 | \$ 1,593 | \$ 702 | \$ 4,727 | \$ - | \$ 14 | \$ 1,341 | \$ 13,090 |

**CITY OF TULSA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Budgetary Level of Control
Year ended June 30, 2012
(amounts expressed in thousands)**

| | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|-----------------|-----------------|----------------------------------|
| Taxes | | | |
| Sales tax | \$ 135,991 | \$ 140,628 | \$ 4,637 |
| Franchise tax: | | | |
| Gas | 4,500 | 3,729 | (771) |
| Power and light | 8,500 | 8,910 | 410 |
| Telephone | 4,200 | 4,082 | (118) |
| Thermal systems | 300 | 261 | (39) |
| Cable television | 5,730 | 4,633 | (1,097) |
| Use tax | 18,864 | 21,227 | 2,363 |
| Hotel/Motel tax | 110 | 120 | 10 |
| | <u>178,195</u> | <u>183,590</u> | <u>5,395</u> |
| Licenses and Permits | | | |
| Business licenses and permits: | | | |
| Occupational licenses | 370 | 366 | (4) |
| Retail liquor licenses | 50 | 50 | - |
| Amusement and recreation permits | 290 | 252 | (38) |
| Restaurant licenses | 100 | 88 | (12) |
| Taxicabs and drivers permits | 40 | 34 | (6) |
| Liquor occupational tax | 330 | 377 | 47 |
| Beer licenses | 15 | 26 | 11 |
| Non-business licenses and permits: | | | |
| Inspection fees | 2,872 | 3,696 | 824 |
| PFPI permits | 450 | 570 | 120 |
| Security alarm permits | 480 | 512 | 32 |
| Other | 527 | 861 | 334 |
| | <u>5,524</u> | <u>6,832</u> | <u>1,308</u> |
| Intergovernmental Revenue | | | |
| Grants | - | 30 | 30 |
| Shared revenue: | | | |
| State liquor tax | 660 | 637 | (23) |
| State gasoline tax | 740 | 741 | 1 |
| State tobacco tax | 2,950 | 3,205 | 255 |
| State vehicle license | 2,800 | 2,674 | (126) |
| Other | 961 | 1,609 | 648 |
| | <u>\$ 8,111</u> | <u>\$ 8,896</u> | <u>\$ 785</u> |

Continued

**CITY OF TULSA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Budgetary Level of Control
Year ended June 30, 2012
(amounts expressed in thousands)**

Continued

| | Final Budget | Actual | Variance with Final Budget |
|-----------------------------------|-------------------|-------------------|----------------------------------|
| Charges for Services | | | |
| Indirect costs: | | | |
| Airport | \$ 1,258 | \$ 1,258 | \$ - |
| TARE | 741 | 741 | - |
| Stormwater | 1,162 | 1,162 | - |
| Water & Sewer | 5,588 | 5,588 | - |
| Grants | 50 | 8 | (42) |
| Other | 275 | 275 | - |
| Payments in lieu of taxes: | | | |
| TARE | 1,556 | 1,472 | (84) |
| Stormwater | 1,606 | 1,572 | (34) |
| Water & Sewer | 10,849 | 11,471 | 622 |
| General government: | | | |
| Planning & zoning fees | 210 | 194 | (16) |
| Processing fees | 10 | 10 | - |
| Service charges | 125 | 83 | (42) |
| Document sales & copies | 10 | 48 | 38 |
| Public safety: | | | |
| Dog pound fees | 150 | 127 | (23) |
| Weed mowing | 524 | 791 | 267 |
| Nuisance abatement fees | 13 | 13 | - |
| Police special events | 275 | 275 | - |
| Airport police & fire services | 1,700 | 1,704 | 4 |
| Other service fees | 200 | 413 | 213 |
| Cultural and recreational: | | | |
| Concessions | 25 | 17 | (8) |
| Performing Arts Center | 1,200 | 1,129 | (71) |
| Parks | 1,012 | 902 | (110) |
| Highways and streets: | | | |
| Paving cut repair charges | 6,628 | 5,465 | (1,163) |
| Parking meters and other | 220 | 250 | 30 |
| | <u>35,387</u> | <u>34,968</u> | <u>(419)</u> |
| Fines | | | |
| Parking and traffic fines | 10,581 | 11,566 | 985 |
| Interest on Investments | | | |
| | 5,277 | 3,780 | (1,497) |
| Miscellaneous | | | |
| Sales of City property | 600 | 664 | 64 |
| Recoveries | 1,399 | 2,118 | 719 |
| Property rentals & leases | 150 | 193 | 43 |
| Other | 267 | 57 | (210) |
| | <u>2,416</u> | <u>3,032</u> | <u>616</u> |
| Total revenues | <u>\$ 245,491</u> | <u>\$ 252,664</u> | <u>\$ 7,173</u> |

**CITY OF TULSA
GENERAL FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Budgetary Level of Control
Year ended June 30, 2012
(amounts expressed in thousands)**

| | Appropriations | | | | Actual | | Variance with Final Budget |
|---------------------------------------|--------------------|-------------------------|-----------|-----------------|--------------|--------------|----------------------------------|
| | Original Budget | Prior Year Carryover | Revisions | Final Budget | Expenditures | Encumbrances | |
| Administration and Support | | | | | | | |
| Departments: | | | | | | | |
| Mayor: | | | | | | | |
| Personnel services | \$ 904 | \$ - | \$ (30) | \$ 874 | \$ 722 | \$ - | \$ 152 |
| Materials & supplies | 13 | 1 | - | 14 | 10 | 1 | 3 |
| Other services & charges | 90 | - | 30 | 120 | 113 | 4 | 3 |
| City Auditor: | | | | | | | |
| Personnel services | 960 | - | - | 960 | 913 | - | 47 |
| Materials & supplies | 10 | - | - | 10 | 2 | - | 8 |
| Other services & charges | 137 | - | - | 137 | 34 | 33 | 70 |
| City Council: | | | | | | | |
| Personnel services | 1,191 | - | (9) | 1,182 | 1,018 | - | 164 |
| Materials & supplies | 9 | - | - | 9 | 7 | - | 2 |
| Other services & charges | 74 | - | 9 | 83 | 72 | - | 11 |
| Finance: | | | | | | | |
| Personnel services | 5,769 | - | (60) | 5,709 | 5,652 | - | 57 |
| Materials & supplies | 69 | 1 | - | 70 | 28 | - | 42 |
| Other services & charges | 1,590 | 693 | 195 | 2,478 | 1,886 | 581 | 11 |
| Legal: | | | | | | | |
| Personnel services | 2,892 | - | (150) | 2,742 | 2,708 | - | 34 |
| Materials & supplies | 54 | 1 | 15 | 70 | 59 | 4 | 7 |
| Other services & charges | 199 | 80 | 135 | 414 | 205 | 160 | 49 |
| Human Resources: | | | | | | | |
| Personnel services | 2,642 | - | 110 | 2,752 | 2,737 | - | 15 |
| Materials & supplies | 105 | 6 | - | 111 | 73 | 5 | 33 |
| Other services & charges | 1,103 | 626 | - | 1,729 | 637 | 782 | 310 |
| Communications: | | | | | | | |
| Personnel services | 803 | - | (20) | 783 | 778 | - | 5 |
| Materials & supplies | 17 | - | - | 17 | 5 | - | 12 |
| Other services & charges | 32 | - | 20 | 52 | 38 | 5 | 9 |
| Human Rights Department: | | | | | | | |
| Personnel services | 619 | - | 45 | 664 | 664 | - | - |
| Materials & supplies | 6 | - | - | 6 | 3 | - | 3 |
| Other services & charges | 26 | - | - | 26 | 26 | - | - |
| General Government: | | | | | | | |
| Other services & charges | 2,737 | 586 | 124 | 3,447 | 2,358 | 400 | 689 |
| Indian Nations Council of Government: | | | | | | | |
| Other services & charges | 948 | - | - | 948 | 948 | - | - |
| | \$ 22,999 | \$ 1,994 | \$ 414 | \$ 25,407 | \$ 21,696 | \$ 1,975 | \$ 1,736 |

Continued

CITY OF TULSA
GENERAL FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Budgetary Level of Control
Year ended June 30, 2012
(amounts expressed in thousands)

| | Appropriations | | | | Actual | | Variance with Final Budget |
|--|--------------------|-------------------------|-----------|-----------------|--------------|--------------|----------------------------------|
| | Original Budget | Prior Year Carryover | Revisions | Final Budget | Expenditures | Encumbrances | |
| Public Works and Transportation | | | | | | | |
| Departments: | | | | | | | |
| Public Works: | | | | | | | |
| Personnel services | \$ 13,094 | \$ - | (99) | \$ 12,995 | \$ 12,260 | \$ - | \$ 735 |
| Materials & supplies | 2,682 | 675 | 20 | 3,377 | 2,049 | 1,352 | (24) |
| Other services & charges | 14,339 | - | 214 | 14,553 | 13,418 | 759 | 376 |
| | 30,115 | 675 | 135 | 30,925 | 27,727 | 2,111 | 1,087 |
| Social and Economic Development | | | | | | | |
| Working in Neighborhoods: | | | | | | | |
| Personnel services | 3,053 | - | (10) | 3,043 | 3,015 | - | 28 |
| Materials & supplies | 281 | 23 | 32 | 336 | 253 | 39 | 44 |
| Other services & charges | 1,458 | 181 | 48 | 1,687 | 1,341 | 261 | 85 |
| Planning and Economic Development | | | | | | | |
| Personnel services | 4,970 | - | 227 | 5,197 | 4,536 | - | 661 |
| Materials & supplies | 65 | 22 | (8) | 79 | 29 | 13 | 37 |
| Other services & charges | 780 | 31 | 1 | 812 | 220 | 538 | 54 |
| | \$ 10,607 | \$ 257 | \$ 290 | \$ 11,154 | \$ 9,394 | \$ 851 | \$ 909 |

Continued

CITY OF TULSA
GENERAL FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Budgetary Level of Control
Year ended June 30, 2012
(amounts expressed in thousands)

| | Appropriations | | | | Final Budget | Actual | | Variance with Final Budget |
|--|-----------------|----------------------|-----------|--------------|--------------|--------------|------------|----------------------------|
| | Original Budget | Prior Year Carryover | Revisions | Encumbrances | | Expenditures | Total | |
| Public Safety and Protection | | | | | | | | |
| Departments: | | | | | | | | |
| Municipal Court: | | | | | | | | |
| Personnel services | \$ 2,485 | \$ - | \$ 15 | \$ 2,500 | \$ 2,503 | \$ - | \$ 2,503 | \$ (3) |
| Materials & supplies | 29 | 19 | - | 48 | 14 | 26 | 40 | 8 |
| Other services & charges | 260 | - | 40 | 300 | 297 | (6) | 291 | 9 |
| Police: | | | | | | | | |
| Personnel services | 68,870 | - | - | 68,870 | 67,864 | - | 67,864 | 1,006 |
| Materials & supplies | 1,363 | 744 | 364 | 2,471 | 1,175 | 1,104 | 2,279 | 192 |
| Other services & charges | 7,828 | 588 | (364) | 8,052 | 6,510 | 607 | 7,117 | 935 |
| Fire: | | | | | | | | |
| Personnel services | 55,950 | - | 2,200 | 58,150 | 58,157 | - | 58,157 | (7) |
| Materials & supplies | 1,221 | 641 | - | 1,862 | 1,394 | 394 | 1,788 | 74 |
| Other services & charges | 4,041 | 48 | - | 4,089 | 3,809 | 168 | 3,977 | 112 |
| Telecommunications: | | | | | | | | |
| Personnel services | 12,233 | - | (462) | 11,771 | 11,305 | - | 11,305 | 466 |
| Materials & supplies | 441 | 331 | - | 772 | 512 | 256 | 768 | 4 |
| Other services & charges | 3,961 | 1,060 | 462 | 5,483 | 4,150 | 1,294 | 5,444 | 39 |
| Agencies: | | | | | | | | |
| Tulsa Area Emergency Management Authority: | | | | | | | | |
| Other services & charges | 154 | - | - | 154 | 154 | - | 154 | - |
| | \$ 158,836 | \$ 3,431 | \$ 2,255 | \$ 164,522 | \$ 157,844 | \$ 3,843 | \$ 161,687 | \$ 2,835 |

Continued

CITY OF TULSA
GENERAL FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Budgetary Level of Control
Year ended June 30, 2012
(amounts expressed in thousands)

| | Appropriations | | | | Final Budget | Variance with Final Budget |
|--|-------------------|----------------------|-----------------|---------------------|-------------------|----------------------------|
| | Original Budget | Prior Year Carryover | Revisions | Actual Encumbrances | | |
| Culture and Recreation | | | | | | |
| Departments: | | | | | | |
| Gicrease Museum: | | | | | | |
| Other services & charges | \$ 2,784 | \$ 3 | \$ - | \$ 2,787 | \$ 2,783 | \$ 4 |
| Parks: | | | | | | |
| Personnel services | 2,496 | - | - | 2,496 | 2,459 | 37 |
| Materials & supplies | 259 | 111 | (100) | 270 | 245 | 25 |
| Other services & charges | 5,962 | 286 | 100 | 6,348 | 6,340 | 8 |
| Convention & Performing Arts Cntrs: | | | | | | |
| Personnel services | 1,437 | - | - | 1,437 | 1,441 | (4) |
| Materials & supplies | 62 | 9 | - | 71 | 59 | 12 |
| Other services & charges | 744 | 17 | - | 761 | 686 | 75 |
| Agencies: | | | | | | |
| River Parks: | | | | | | |
| Other services & charges | 547 | - | 30 | 577 | 577 | - |
| | 14,291 | 426 | 30 | 14,747 | 14,590 | 157 |
| Total expenditures and encumbrances | 236,848 | 6,783 | 3,124 | 246,755 | 240,031 | 6,724 |
| Operating transfers: | | | | | | |
| Transfers to TPFA - OTC | 4,660 | - | - | 4,660 | 4,660 | - |
| Transfers to Convention Fund | 1,314 | - | - | 1,314 | 1,314 | - |
| Transfers to Whittier Square Improvement District | 10 | - | - | 10 | 10 | - |
| Transfers to Federal and State Grants Fund | 615 | - | 523 | 1,138 | 1,087 | 51 |
| Transfers to Equipment Management Fund | - | - | 50 | 50 | 50 | - |
| Transfers to Golf Course Fund | 600 | - | 150 | 750 | 750 | - |
| Transfers to Misc Cap Projects | 1,200 | - | 330 | 1,530 | 1,530 | - |
| Transfers to Municipal Employees Pension Trust | 1,200 | - | - | 1,200 | 1,200 | - |
| Total transfers | 9,599 | - | 1,053 | 10,652 | 10,601 | 51 |
| Payments to component units: | | | | | | |
| Transfers to MTTA | 7,450 | - | - | 7,450 | 7,450 | - |
| Total expenditures, encumbrances, and transfers | \$ 253,897 | \$ 6,783 | \$ 4,177 | \$ 264,857 | \$ 258,082 | \$ 6,775 |

CITY OF TULSA
E-911 OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Budgetary Basis)
Year ended June 30, 2012
(amounts expressed in thousands)

| | Final Budget | Actual | Variance |
|--|-----------------|-----------------|-----------------|
| Revenues | | | |
| Intergovernmental Revenue | \$ 200 | \$ 11 | \$ (189) |
| E-911 fees | 4,050 | 4,165 | 115 |
| Investment income | 73 | 69 | (4) |
| Total revenues | <u>4,323</u> | <u>4,245</u> | <u>(78)</u> |
| Expenditures | | | |
| Current: | | | |
| Public Works and Transportation: | | | |
| Personnel services | 49 | 43 | 6 |
| Materials and supplies | 6 | 5 | 1 |
| Other services and charges | 219 | 215 | 4 |
| Telecommunications: | | | |
| Personnel services | 2,441 | 2,337 | 104 |
| Materials and supplies | 105 | - | 105 |
| Other services and charges | 1,920 | 1,895 | 25 |
| Capital outlay | 95 | - | 95 |
| Total expenditures | <u>4,835</u> | <u>4,495</u> | <u>340</u> |
| Excess of revenues over expenditures and encumbrances | <u>(512)</u> | <u>(250)</u> | <u>262</u> |
| Other financing uses: | | | |
| Transfers out | 420 | - | (420) |
| Total other financing uses | <u>420</u> | <u>-</u> | <u>(420)</u> |
| Net change in fund balances | (92) | (250) | (158) |
| Fund balances, beginning of year (budgetary basis) | 1,110 | 2,466 | 1,356 |
| Fund balances, end of year (budgetary basis) | <u>\$ 1,018</u> | <u>\$ 2,216</u> | <u>\$ 1,198</u> |

CITY OF TULSA
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Budgetary Basis)
Year ended June 30, 2012
(amounts expressed in thousands)

| | Final Budget | Actual | Variance |
|--|--------------|---------------|---------------|
| Revenues | | | |
| Hotel/Motel taxes | \$ 2,112 | \$ 2,303 | \$ 191 |
| Total revenues | <u>2,112</u> | <u>2,303</u> | <u>191</u> |
| Expenditures | | | |
| Social and Economic Development: | | | |
| Current: | | | |
| Other services and charges | 2,487 | 2,421 | 66 |
| | <u>2,487</u> | <u>2,421</u> | <u>66</u> |
| Net change in fund balances | <u>(375)</u> | <u>(118)</u> | <u>257</u> |
| Fund balances, beginning of year (budgetary basis) | <u>382</u> | <u>382</u> | <u>-</u> |
| Fund balances, end of year (budgetary basis) | <u>\$ 7</u> | <u>\$ 264</u> | <u>\$ 257</u> |

CITY OF TULSA
TOURISM & CONVENTION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Budgetary Basis)
Year ended June 30, 2012
(amounts expressed in thousands)

| | Final Budget | Actual | Variance |
|--|----------------|----------------|----------------|
| Revenues | | | |
| Hotel/Motel taxes | \$ 3,278 | \$ 3,571 | \$ 293 |
| Investment income | 41 | 38 | (3) |
| Miscellaneous | 1,873 | 33 | (1,840) |
| Total revenues | <u>5,192</u> | <u>3,642</u> | <u>(1,550)</u> |
| Expenditures | | | |
| Cultural Development and Recreation: | | | |
| Current: | | | |
| Materials and supplies | 35 | 36 | (1) |
| Other services and charges | 446 | 349 | 97 |
| Capital outlay | 403 | 252 | 151 |
| Total expenditures and encumbrances | <u>884</u> | <u>637</u> | <u>247</u> |
| Excess of revenues over expenditures and encumbrances | 4,308 | 3,005 | (1,303) |
| Other financing uses: | | | |
| Transfers in (out) | (5,450) | (3,520) | 1,930 |
| Total other financing uses | <u>(5,450)</u> | <u>(3,520)</u> | <u>1,930</u> |
| Net change in fund balances | <u>(1,142)</u> | <u>(515)</u> | <u>627</u> |
| Fund balances, beginning of year (budgetary basis) | <u>1,346</u> | <u>1,346</u> | <u>-</u> |
| Fund balances, end of year (budgetary basis) | <u>\$ 204</u> | <u>\$ 831</u> | <u>\$ 627</u> |

CITY OF TULSA
TULSA STADIUM IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Budgetary Basis)
Year ended June 30, 2012
(amounts expressed in thousands)

| | Final Budget | Actual | Variance |
|--|----------------|----------------|---------------|
| Revenues | | | |
| Special assessment tax | \$ 3,213 | \$ 3,154 | \$ (59) |
| Fines and forfeitures | 10 | - | (10) |
| Investment income | 14 | 13 | (1) |
| Total revenues | <u>3,237</u> | <u>3,167</u> | <u>(70)</u> |
| Expenditures | | | |
| Current: | | | |
| Administration and support: | | | |
| Personnel services | 59 | 57 | 2 |
| Materials and supplies | 7 | - | 7 |
| Other services and charges | 10 | 7 | 3 |
| Public works and transportation: | | | |
| Materials and supplies | 91 | 62 | 29 |
| Other services and charges | 950 | 870 | 80 |
| Social and economic development | 10 | (10) | 20 |
| Capital outlay | 443 | 1 | 442 |
| Total expenditures | <u>1,570</u> | <u>987</u> | <u>583</u> |
| Excess of revenues over expenditures and encumbrances | <u>1,667</u> | <u>2,180</u> | <u>513</u> |
| Other financing uses: | | | |
| Transfers out | <u>(2,251)</u> | <u>(2,234)</u> | <u>17</u> |
| Total other financing uses | <u>(2,251)</u> | <u>(2,234)</u> | <u>17</u> |
| Net change in fund balances | (584) | (54) | 530 |
| Fund balances, beginning of year (budgetary basis) | <u>593</u> | <u>593</u> | <u>-</u> |
| Fund balances, end of year (budgetary basis) | <u>\$ 9</u> | <u>\$ 539</u> | <u>\$ 530</u> |

INTERNAL SERVICE FUNDS

- STATE BIRD -

The Scissor-Tailed Flycatcher is one of the most striking and recognizable birds found in Northeastern Oklahoma. These birds are easily identified by their long scissor-like tail, which opens during flight like a pair of scissors and folds or closes when perched. The Scissor-Tailed Flycatcher was officially adopted by the State Legislature on May 5, 1951 as the Oklahoma state bird.



Internal Service Funds

INTERNAL SERVICE FUNDS - are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City and to other government units on a cost-reimbursement basis.

- **Employee Insurance Fund** - Accounts for the collection and payment of insurance premiums and claims related to health, dental, and worker's compensation fringe benefit programs.
- **Tulsa Public Facilities Authority** - Accounts for the financing of acquisition and construction of various facilities and public improvements in and for the City.
- **Office Services** - Accounts for the provision of office services to other departments and their related costs.
- **Equipment Management Fund** - Accounts for the rental of licensed motor vehicles and their related costs to user departments.

CITY OF TULSA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2012
(amounts expressed in thousands)

| | Employee Insurance | Tulsa Public Facilities Authority | Office Services | Equipment Management | Total |
|--|-----------------------|---|--------------------|-------------------------|------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 10,157 | \$ 7,882 | \$ 185 | \$ 1,969 | \$ 20,193 |
| Cash and cash equivalents - restricted | - | 12,351 | - | - | 12,351 |
| Receivables, net | - | - | 2 | 31 | 33 |
| Inventories, net | - | - | - | 666 | 666 |
| Advances to other funds, restricted | - | 407 | - | - | 407 |
| | <u>10,157</u> | <u>20,640</u> | <u>187</u> | <u>2,666</u> | <u>33,650</u> |
| Noncurrent assets: | | | | | |
| Restricted: | | | | | |
| Receivables, net | 15,195 | - | - | - | 15,195 |
| Other | 895 | - | - | - | 895 |
| Nondepreciable capital assets | - | 4,500 | - | 549 | 5,049 |
| Capital assets, net | - | - | - | 3,146 | 3,146 |
| | <u>16,090</u> | <u>4,500</u> | <u>-</u> | <u>3,695</u> | <u>24,285</u> |
| Total assets | <u>26,247</u> | <u>25,140</u> | <u>187</u> | <u>6,361</u> | <u>57,935</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable and accrued liabilities | 346 | 82 | 125 | 945 | 1,498 |
| Current portion of long-term liabilities | - | 1,702 | - | 413 | 2,115 |
| Unearned revenue | 1,244 | - | - | - | 1,244 |
| Workers compensation claims | 7,640 | - | - | - | 7,640 |
| Due to other funds | - | 7,882 | - | - | 7,882 |
| | <u>9,230</u> | <u>9,666</u> | <u>125</u> | <u>1,358</u> | <u>20,379</u> |
| Noncurrent liabilities: | | | | | |
| Long-term liabilities | - | 10,526 | - | 808 | 11,334 |
| Workers compensation claims | 12,050 | - | - | - | 12,050 |
| Advances from component units | - | 448 | - | - | 448 |
| Advances from other funds | - | - | 146 | - | 146 |
| | <u>12,050</u> | <u>10,974</u> | <u>146</u> | <u>808</u> | <u>23,978</u> |
| Total liabilities | <u>21,280</u> | <u>20,640</u> | <u>271</u> | <u>2,166</u> | <u>44,357</u> |
| NET POSITION (DEFICIT) | | | | | |
| Net investment in capital assets | - | 4,500 | - | 3,695 | 8,195 |
| Unrestricted | 4,967 | - | (84) | 500 | 5,383 |
| Total net position (deficit) | <u>\$ 4,967</u> | <u>\$ 4,500</u> | <u>\$ (84)</u> | <u>\$ 4,195</u> | <u>\$ 13,578</u> |

CITY OF TULSA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year ended June 30, 2012
(amounts expressed in thousands)

| | Employee Insurance | Tulsa Public Facilities Authority | Office Services | Equipment Management | Total |
|---|-----------------------|---|--------------------|-------------------------|------------------|
| Operating revenues | | | | | |
| Charges for services | \$ - | \$ - | \$ 1,914 | \$ 15,077 | \$ 16,991 |
| Insurance premiums | 21,360 | - | - | - | 21,360 |
| Workers compensation premiums | 5,515 | - | - | - | 5,515 |
| Other | - | 630 | 15 | 34 | 679 |
| | <u>26,875</u> | <u>630</u> | <u>1,929</u> | <u>15,111</u> | <u>44,545</u> |
| Operating expenses | | | | | |
| Salaries and wages | - | - | - | 4,192 | 4,192 |
| Materials and supplies | - | - | 85 | 9,990 | 10,075 |
| Other services and charges | - | 630 | 1,622 | 1,047 | 3,299 |
| Workers compensation claims | 8,666 | - | - | - | 8,666 |
| Insurance claims and premiums | 22,062 | - | - | - | 22,062 |
| Depreciation and amortization | - | - | - | 193 | 193 |
| | <u>30,728</u> | <u>630</u> | <u>1,707</u> | <u>15,422</u> | <u>48,487</u> |
| Operating income (loss) | <u>(3,853)</u> | <u>-</u> | <u>222</u> | <u>(311)</u> | <u>(3,942)</u> |
| Nonoperating revenues (expenses) | | | | | |
| Investment income | 113 | - | - | 10 | 123 |
| Interest expense | - | - | (2) | - | (2) |
| Property taxes | 4,831 | - | - | - | 4,831 |
| Gain on sale of equipment | - | - | - | 16 | 16 |
| Other, net | 36 | - | - | - | 36 |
| | <u>4,980</u> | <u>-</u> | <u>(2)</u> | <u>26</u> | <u>5,004</u> |
| Income (loss) before capital contributions and transfers | <u>1,127</u> | <u>-</u> | <u>220</u> | <u>(285)</u> | <u>1,062</u> |
| Capital contributions | - | - | - | 22 | 22 |
| Transfers in | - | - | - | 991 | 991 |
| Change in net position | <u>1,127</u> | <u>-</u> | <u>220</u> | <u>728</u> | <u>2,075</u> |
| Net position (deficit)--beginning of year | 3,840 | 4,500 | (304) | 3,467 | 11,503 |
| Net position (deficit)--end of year | <u>\$ 4,967</u> | <u>\$ 4,500</u> | <u>\$ (84)</u> | <u>\$ 4,195</u> | <u>\$ 13,578</u> |

CITY OF TULSA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year ended June 30, 2012
(amounts expressed in thousands)

| | Employee Insurance | Tulsa Public Facilities Authority | Office Services | Equipment Management | Total |
|---|-----------------------|---|--------------------|-------------------------|-------------------|
| Cash flows from operating activities: | | | | | |
| Receipts from customers | \$ 26,865 | \$ 38,949 | \$ 1,931 | \$ 15,212 | \$ 82,957 |
| Payments to suppliers | (29,393) | (21,315) | (1,691) | (11,223) | (63,622) |
| Payments to employees | - | - | - | (4,057) | (4,057) |
| Net cash provided by (used for) operating activities | (2,528) | 17,634 | 240 | (68) | 15,278 |
| Cash flows from noncapital financing activities: | | | | | |
| Property taxes received | 3,910 | - | - | - | 3,910 |
| Payments from interfund activity | - | - | (61) | - | (61) |
| Proceeds from insurance reimbursements | 36 | - | - | - | 36 |
| Net cash provided (used) by noncapital financing activities | 3,946 | - | (61) | - | 3,885 |
| Cash flows from capital and related financing activities: | | | | | |
| Acquisition and construction of capital assets | - | - | - | (1,015) | (1,015) |
| Payments from interfund activity | - | - | - | 991 | 991 |
| Proceeds from disposition of capital assets | - | - | - | 16 | 16 |
| Net cash used for capital and related financing activities | - | - | - | (8) | (8) |
| Cash flows from investing activities: | | | | | |
| Interest earned | 90 | - | 6 | 7 | 103 |
| Net cash provided by investing activities | 90 | - | 6 | 7 | 103 |
| Net increase (decrease) in cash and cash equivalents | 1,508 | 17,634 | 185 | (69) | 19,258 |
| Cash and cash equivalents, beginning of year | 8,649 | 2,599 | - | 2,038 | 13,286 |
| Cash and cash equivalents, end of year | \$ 10,157 | \$ 20,233 | \$ 185 | \$ 1,969 | \$ 32,544 |
| Reconciliation of cash and cash equivalents to the Statement of Net Position | | | | | |
| Unrestricted cash and cash equivalents | \$ 10,157 | \$ 7,882 | \$ 185 | \$ 1,969 | \$ 20,193 |
| Restricted cash and cash equivalents | - | 12,351 | - | - | 12,351 |
| Total cash and cash equivalents | \$ 10,157 | \$ 20,233 | \$ 185 | \$ 1,969 | \$ 32,544 |
| Reconciliation of operating income (loss) to cash provided (used) by operating activities: | | | | | |
| Operating income (loss) | \$ (3,853) | \$ - | \$ 222 | \$ (311) | \$ (3,942) |
| Adjustments to reconcile operating loss to net cash provided (used) by operating activities: | | | | | |
| Depreciation and amortization | - | - | - | 193 | 193 |
| Decrease in accounts receivable and other assets | 668 | 37,904 | 2 | 16 | 38,590 |
| Increase (decrease) in accounts payable and other liabilities | 657 | (20,270) | 16 | 34 | (19,563) |
| Net cash provided (used) by operating activities | \$ (2,528) | \$ 17,634 | \$ 240 | \$ (68) | \$ 15,278 |
| Non cash capital financing activities: | | | | | |
| Capital acquisitions in accounts payable | \$ - | \$ - | \$ - | \$ 206 | \$ 206 |

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FIDUCIARY FUNDS

- TULSA PARKS -

With over 135 parks covering roughly 6,000 acres, Tulsa Parks provides citizens and visitors ample opportunity to view and experience a wide assortment of flora and fauna.



BUMBLEBEE

Fiduciary Funds

FIDUCIARY FUNDS - are used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the City's own programs.

- **Agency Funds** - Accounts for assets held by the City of Tulsa in a purely custodial capacity.

CITY OF TULSA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
Year ended June 30, 2012
(amounts expressed in thousands)

| | Balance June 30, 2011 | Additions | Deletions | Balance June 30, 2012 |
|--|--------------------------|-------------------|-------------------|--------------------------|
| EMSA Utility Fee | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 823 | \$ 5,262 | \$ 3,842 | \$ 2,243 |
| Accounts receivable | 540 | 5,404 | 5,377 | 567 |
| Total assets | <u>\$ 1,363</u> | <u>\$ 10,666</u> | <u>\$ 9,219</u> | <u>\$ 2,810</u> |
| Liabilities: | | | | |
| Accounts payable | 1,363 | 10,666 | 9,219 | 2,810 |
| Total liabilities | <u>\$ 1,363</u> | <u>\$ 10,666</u> | <u>\$ 9,219</u> | <u>\$ 2,810</u> |
| Municipal Court Bonds | | | | |
| Assets: | | | | |
| Cash and cash equivalents | 231 | 486 | 468 | 249 |
| Total assets | <u>\$ 231</u> | <u>\$ 486</u> | <u>\$ 468</u> | <u>\$ 249</u> |
| Liabilities: | | | | |
| Deposits payable | 231 | 486 | 468 | 249 |
| Total liabilities | <u>\$ 231</u> | <u>\$ 486</u> | <u>\$ 468</u> | <u>\$ 249</u> |
| Escrow Fund | | | | |
| Assets: | | | | |
| Cash and cash equivalents | 2,258 | 8,516 | 8,369 | 2,405 |
| Total assets | <u>\$ 2,258</u> | <u>\$ 8,516</u> | <u>\$ 8,369</u> | <u>\$ 2,405</u> |
| Liabilities: | | | | |
| Deposits payable | 2,258 | 8,516 | 8,369 | 2,405 |
| Total liabilities | <u>\$ 2,258</u> | <u>\$ 8,516</u> | <u>\$ 8,369</u> | <u>\$ 2,405</u> |
| Police Property Room | | | | |
| Assets: | | | | |
| Cash and cash equivalents | 514 | 782 | 515 | 781 |
| Total assets | <u>\$ 514</u> | <u>\$ 782</u> | <u>\$ 515</u> | <u>\$ 781</u> |
| Liabilities: | | | | |
| Accrued liabilities | 514 | 782 | 515 | 781 |
| Total liabilities | <u>\$ 514</u> | <u>\$ 782</u> | <u>\$ 515</u> | <u>\$ 781</u> |
| Watermain Extension Contract Escrow | | | | |
| Assets: | | | | |
| Cash and cash equivalents | 198 | - | 198 | - |
| Total assets | <u>\$ 198</u> | <u>\$ -</u> | <u>\$ 198</u> | <u>\$ -</u> |
| Liabilities: | | | | |
| Deposits payable | 198 | - | 198 | - |
| Total liabilities | <u>\$ 198</u> | <u>\$ -</u> | <u>\$ 198</u> | <u>\$ -</u> |
| Payroll Withholding | | | | |
| Assets: | | | | |
| Cash and cash equivalents | - | 299,143 | 299,138 | 5 |
| Total assets | <u>\$ -</u> | <u>\$ 299,143</u> | <u>\$ 299,138</u> | <u>\$ 5</u> |
| Liabilities: | | | | |
| Accrued liabilities | - | 299,143 | 299,138 | 5 |
| Total liabilities | <u>\$ -</u> | <u>\$ 299,143</u> | <u>\$ 299,138</u> | <u>\$ 5</u> |

Continued

CITY OF TULSA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
Year ended June 30, 2012
(amounts expressed in thousands)

Continued

| | Balance June 30, 2011 | Additions | Deletions | Balance June 30, 2012 |
|---------------------------------|--------------------------|-------------------|-------------------|--------------------------|
| Unclaimed Property | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 488 | \$ 127 | \$ 174 | \$ 441 |
| Total assets | <u>\$ 488</u> | <u>\$ 127</u> | <u>\$ 174</u> | <u>\$ 441</u> |
| Liabilities: | | | | |
| Accrued liabilities | 488 | 127 | 174 | 441 |
| Total liabilities | <u>\$ 488</u> | <u>\$ 127</u> | <u>\$ 174</u> | <u>\$ 441</u> |
| PAC Ticket Office Escrow | | | | |
| Assets: | | | | |
| Cash and cash equivalents | 199 | 11,227 | 11,199 | 227 |
| Total assets | <u>\$ 199</u> | <u>\$ 11,227</u> | <u>\$ 11,199</u> | <u>\$ 227</u> |
| Liabilities: | | | | |
| Deposits payable | 199 | 11,227 | 11,199 | 227 |
| Total liabilities | <u>\$ 199</u> | <u>\$ 11,227</u> | <u>\$ 11,199</u> | <u>\$ 227</u> |
| Total Agency Funds | | | | |
| Assets: | | | | |
| Cash and cash equivalents | 4,711 | 325,543 | 323,903 | 6,351 |
| Accounts receivable | 540 | 5,404 | 5,377 | 567 |
| Total assets | <u>\$ 5,251</u> | <u>\$ 330,947</u> | <u>\$ 329,280</u> | <u>\$ 6,918</u> |
| Liabilities: | | | | |
| Accrued liabilities | 1,002 | 300,052 | 299,827 | 1,227 |
| Deposits payable | 4,249 | 30,895 | 29,453 | 5,691 |
| Total liabilities | <u>\$ 5,251</u> | <u>\$ 330,947</u> | <u>\$ 329,280</u> | <u>\$ 6,918</u> |

DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS



ARKANSAS RIVER

- ARKANSAS RIVER -

Winding through the heart of the city, the Arkansas River offers a unique environment for Tulsans and Oklahomans to enjoy and experience Green Country's wildlife and outdoor recreation opportunities. Parks, trails, playgrounds and an assortment of natural landscapes can all be found on the banks of the Arkansas River.

Nonmajor Component Units

Discretely Presented Nonmajor Component Units

DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS - are presented separately from blended component units to emphasize that they are legally separate from the City, but are a part of the City's reporting entity.

- **Tulsa Development Authority** - TDA is a public authority created to finance urban renewal, rehabilitation and redevelopment.
- **Metropolitan Tulsa Transit Authority** - MTTA is a public trust created to provide public transportation systems and facilities.
- **Tulsa Industrial Authority** - TIA is a public trust created to provide for the issuance of industrial development bonds upon approval by the City Council, and to lend the proceeds of such issuance to third party organizations.
- **Tulsa Parking Authority** - TPA is a public trust created by the City to construct and manage various parking facilities within the City.
- **Tulsa Performing Arts Center Trust** - TPACT is a public trust created under the provisions of the Oklahoma Trust Act. The Beneficiary of the Trust is the City. TPACT's purpose is to assist the City in operating and maintaining the Tulsa Performing Arts Center and to sponsor events promoting the use of the Tulsa Performing Arts Center.

COMBINING FUNDS OF TULSA METROPOLITAN UTILITY AUTHORITY - A Major Component Unit

- **Sewer Fund** - provides for wastewater collection utility systems.
- **Water Fund** - provides for water delivery utility systems.

CITY OF TULSA
STATEMENT OF NET POSITION
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
June 30, 2012
(amounts expressed in thousands)

| | Tulsa Development Authority | Metropolitan Tulsa Transit Authority | Tulsa Industrial Authority | Tulsa Parking Authority | Tulsa Performing Arts Center Trust | Total Nonmajor Component Units |
|--|-----------------------------------|---|----------------------------------|-------------------------------|---|---|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 3,219 | \$ 984 | \$ 85 | \$ 4,070 | \$ 578 | \$ 8,936 |
| Cash and cash equivalents - restricted | - | 592 | 918 | - | - | 1,510 |
| Investments | - | - | 1,480 | - | 1,053 | 2,533 |
| Receivables, net | 12 | 859 | - | 59 | 20 | 950 |
| Inventories, net | - | 481 | - | - | - | 481 |
| Other current assets | 29 | 70 | 5 | 293 | - | 397 |
| | <u>3,260</u> | <u>2,986</u> | <u>2,488</u> | <u>4,422</u> | <u>1,651</u> | <u>14,807</u> |
| Noncurrent assets: | | | | | | |
| Cash and cash equivalents - restricted | 12,266 | - | - | 1,261 | - | 13,527 |
| Investments | - | - | - | - | 439 | 439 |
| Receivables, net | 4,000 | - | - | - | - | 4,000 |
| Receivables, net - restricted | 10,259 | - | - | 159 | - | 10,418 |
| Land held for resale, net | 4,279 | - | - | - | - | 4,279 |
| Land held for resale, net - restricted | 724 | - | - | - | - | 724 |
| Nondepreciable capital assets | 35 | 2,670 | - | 13,021 | 1,469 | 17,195 |
| Depreciable capital assets, net | 277 | 23,106 | 13,397 | 14,911 | 95 | 51,786 |
| | <u>31,840</u> | <u>25,776</u> | <u>13,397</u> | <u>29,352</u> | <u>2,003</u> | <u>102,368</u> |
| Total assets | <u>35,100</u> | <u>28,762</u> | <u>15,885</u> | <u>33,774</u> | <u>3,654</u> | <u>117,175</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | | | | |
| Deferred charge on refunding | - | - | - | 901 | - | 901 |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable and accrued liabilities | 168 | 1,497 | 92 | 780 | 1 | 2,538 |
| Unearned revenue | - | 9 | 849 | 67 | - | 925 |
| Current portion of long-term liabilities | 5 | 142 | - | - | - | 147 |
| | <u>173</u> | <u>1,648</u> | <u>941</u> | <u>847</u> | <u>1</u> | <u>3,610</u> |
| Noncurrent liabilities: | | | | | | |
| Advances from primary government | - | 326 | - | - | - | 326 |
| Unearned revenue | 4 | - | - | - | - | 4 |
| Deposits subject to refund | 225 | - | - | - | - | 225 |
| Deposits subject to refund - restricted | 55 | - | - | - | - | 55 |
| Long-term liabilities, net | 34 | 1,208 | - | 18,747 | - | 19,989 |
| | <u>318</u> | <u>1,534</u> | <u>-</u> | <u>18,747</u> | <u>-</u> | <u>20,599</u> |
| Total liabilities | <u>491</u> | <u>3,182</u> | <u>941</u> | <u>19,594</u> | <u>1</u> | <u>24,209</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 312 | 25,776 | 13,397 | 11,994 | 1,565 | 53,044 |
| Restricted for: | | | | | | |
| Debt service | - | - | - | 1,399 | - | 1,399 |
| Capital projects | 21,627 | 458 | 69 | - | - | 22,154 |
| Other purposes | 1,567 | 134 | - | - | - | 1,701 |
| Unrestricted | <u>11,103</u> | <u>(788)</u> | <u>1,478</u> | <u>1,688</u> | <u>2,088</u> | <u>15,569</u> |
| Total net position | <u>\$ 34,609</u> | <u>\$ 25,580</u> | <u>\$ 14,944</u> | <u>\$ 15,081</u> | <u>\$ 3,653</u> | <u>\$ 93,867</u> |

CITY OF TULSA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
Year ended June 30, 2012
(amounts expressed in thousands)

| | Tulsa Development Authority | Metropolitan Tulsa Transit Authority | Tulsa Industrial Authority | Tulsa Parking Authority | Tulsa Performing Arts Center Trust | Total Nonmajor Component Units |
|---|-----------------------------------|---|----------------------------------|-------------------------------|---|---|
| Operating revenues | | | | | | |
| Property rentals | \$ 235 | \$ - | \$ 20 | \$ 157 | \$ - | \$ 412 |
| Parking revenues | - | - | - | 5,945 | 318 | 6,263 |
| Transit services | - | 3,233 | - | - | - | 3,233 |
| Event revenues | - | - | - | - | 121 | 121 |
| Other income | 1,607 | 56 | 2,496 | - | - | 4,159 |
| | <u>1,842</u> | <u>3,289</u> | <u>2,516</u> | <u>6,102</u> | <u>439</u> | <u>14,188</u> |
| Operating expenses | | | | | | |
| Salaries and wages | 267 | 9,333 | - | - | - | 9,600 |
| Materials and supplies | 3 | 3,525 | - | - | - | 3,528 |
| Other services and charges | 855 | 4,373 | 217 | 3,603 | 569 | 9,617 |
| Unrealized loss on land held for resale | 89 | - | - | - | - | 89 |
| Depreciation | 11 | 3,817 | 289 | 901 | 8 | 5,026 |
| | <u>1,225</u> | <u>21,048</u> | <u>506</u> | <u>4,504</u> | <u>577</u> | <u>27,860</u> |
| Operating income (loss) | <u>617</u> | <u>(17,759)</u> | <u>2,010</u> | <u>1,598</u> | <u>(138)</u> | <u>(13,672)</u> |
| Nonoperating revenues (expenses) | | | | | | |
| Investment income | 193 | 3 | 8 | 2 | 14 | 220 |
| Interest expense | - | - | - | (867) | - | (867) |
| Sales taxes | 436 | - | - | - | - | 436 |
| Property taxes | 957 | - | - | - | - | 957 |
| Federal and state operating grant revenues | - | 6,139 | - | - | 7 | 6,146 |
| Contributions | 399 | - | - | - | 95 | 494 |
| Payments from primary government | 2,139 | 7,450 | - | 2,040 | - | 11,629 |
| Payments to primary government | (668) | - | - | - | - | (668) |
| Payments from component units | - | - | - | 585 | - | 585 |
| Payments to component units | (585) | - | - | - | - | (585) |
| Other, net | 5 | 309 | - | (267) | - | 47 |
| | <u>2,876</u> | <u>13,901</u> | <u>8</u> | <u>1,493</u> | <u>116</u> | <u>18,394</u> |
| Income (loss) before capital contributions, grants and charges | <u>3,493</u> | <u>(3,858)</u> | <u>2,018</u> | <u>3,091</u> | <u>(22)</u> | <u>4,722</u> |
| Federal and state capital grant revenues | - | 11,015 | - | - | - | 11,015 |
| Capital contributions | - | 106 | - | - | - | 106 |
| Capital contributions to primary government | (4,776) | - | (280) | - | - | (5,056) |
| Capital contributions from primary government | - | 315 | - | - | - | 315 |
| Change in net position | <u>(1,283)</u> | <u>7,578</u> | <u>1,738</u> | <u>3,091</u> | <u>(22)</u> | <u>11,102</u> |
| Net position - beginning of year, as restated | 35,892 | 18,002 | 13,206 | 11,990 | 3,675 | 82,765 |
| Net position - end of year | <u>\$ 34,609</u> | <u>\$ 25,580</u> | <u>\$ 14,944</u> | <u>\$ 15,081</u> | <u>\$ 3,653</u> | <u>\$ 93,867</u> |

CITY OF TULSA
STATEMENT OF NET POSITION
TULSA METROPOLITAN UTILITY AUTHORITY - COMBINING FUND FINANCIAL STATEMENTS
June 30, 2012
(amounts expressed in thousands)

| | Sewer Fund | Water Fund | Total |
|---|-------------------|-------------------|-------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 27,619 | \$ 42,676 | \$ 70,295 |
| Receivables, net | 8,387 | 14,876 | 23,263 |
| Inventories, net | 295 | 1,806 | 2,101 |
| | <u>36,301</u> | <u>59,358</u> | <u>95,659</u> |
| Noncurrent assets: | | | |
| Cash and cash equivalents - restricted | 17,367 | 31,657 | 49,024 |
| Investments-restricted | 21,188 | 24,408 | 45,596 |
| Advances to primary government - restricted | 1,151 | - | 1,151 |
| Investments in joint venture | 12,000 | - | 12,000 |
| Receivables, net - restricted | 59 | 82 | 141 |
| Nondepreciable capital assets | 62,613 | 40,655 | 103,268 |
| Depreciable capital assets, net | 487,680 | 485,435 | 973,115 |
| | <u>602,058</u> | <u>582,237</u> | <u>1,184,295</u> |
| Total assets | <u>638,359</u> | <u>641,595</u> | <u>1,279,954</u> |
| Deferred Outflows of Resources: | | | |
| Deferred charge on refunding | - | 1,172 | 1,172 |
| | <u>-</u> | <u>1,172</u> | <u>1,172</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities - restricted | 6,733 | 4,016 | 10,749 |
| Accounts payable and accrued liabilities | 3,436 | 2,922 | 6,358 |
| Current portion of long-term liabilities | 17,467 | 12,602 | 30,069 |
| Deposits subject to refund | 818 | 8,408 | 9,226 |
| | <u>28,454</u> | <u>27,948</u> | <u>56,402</u> |
| Noncurrent liabilities: | | | |
| Long-term liabilities | 206,751 | 164,206 | 370,957 |
| Total liabilities | <u>235,205</u> | <u>192,154</u> | <u>427,359</u> |
| NET POSITION | | | |
| Net investment in capital assets | 357,585 | 402,932 | 760,517 |
| Restricted for: | | | |
| Debt service | 6,309 | 4,987 | 11,296 |
| Unrestricted | 39,260 | 42,694 | 81,954 |
| Total net position | <u>\$ 403,154</u> | <u>\$ 450,613</u> | <u>\$ 853,767</u> |

CITY OF TULSA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
TULSA METROPOLITAN UTILITY AUTHORITY - COMBINING FUND FINANCIAL STATEMENTS
Year ended June 30, 2012
(amounts expressed in thousands)

| | Sewer Fund | Water Fund | Total |
|---|-------------------|-------------------|-------------------|
| Operating revenues | | | |
| Water and sewer services | \$ 71,335 | \$ 98,817 | \$ 170,152 |
| Operating expenses | | | |
| Salaries and wages | 20,958 | 27,159 | 48,117 |
| Materials and supplies | 3,981 | 9,066 | 13,047 |
| Other services and charges | 22,916 | 32,809 | 55,725 |
| Depreciation | 16,414 | 17,081 | 33,495 |
| | <u>64,269</u> | <u>86,115</u> | <u>150,384</u> |
| Operating income | <u>7,066</u> | <u>12,702</u> | <u>19,768</u> |
| Nonoperating revenues (expenses) | | | |
| Interest income | 326 | 745 | 1,071 |
| Interest expense | (5,520) | (5,503) | (11,023) |
| Property taxes | 3,491 | - | 3,491 |
| Other, net | (40) | 514 | 474 |
| | <u>(1,743)</u> | <u>(4,244)</u> | <u>(5,987)</u> |
| Income before capital contributions | 5,323 | 8,458 | 13,781 |
| Capital contributions | 2,547 | 158 | 2,705 |
| Capital contributions - primary government | <u>4,757</u> | <u>-</u> | <u>4,757</u> |
| Change in net position | 12,627 | 8,616 | 21,243 |
| Net position beginning, as restated | 390,527 | 441,997 | 832,524 |
| Net position - ending | <u>\$ 403,154</u> | <u>\$ 450,613</u> | <u>\$ 853,767</u> |

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS



- RIVER PARKS -

The sandbars, barren beaches of gravel, and sand along the banks of the area maintained by River Parks are used by the Interior Least Tern as a nesting habitat. The terns, an endangered and protected species, arrive mid-May, leave their nesting areas in mid-July, and depart the area in late August to early September.

CITY OF TULSA
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE
June 30, 2012 and 2011
(amounts expressed in thousands)

| | <u>2012</u> | <u>2011</u> |
|--|---------------------|---------------------|
| Governmental funds capital assets | | |
| Land | \$ 519,589 | \$ 466,374 |
| Buildings | 141,807 | 171,923 |
| Improvements other than buildings | 61,020 | 85,396 |
| Machinery and equipment | 164,524 | 150,610 |
| Infrastructure | 2,926,061 | 2,790,647 |
| Construction in progress | 161,889 | 208,095 |
| Total governmental funds capital assets | <u>\$ 3,974,890</u> | <u>\$ 3,873,045</u> |
| Investments in governmental funds capital assets by source | | |
| General fund | 10,646 | 10,806 |
| Special revenue funds | 263,995 | 255,319 |
| Capital projects funds | 3,271,797 | 3,203,247 |
| Donations | 428,452 | 403,673 |
| Total governmental funds capital assets | <u>\$ 3,974,890</u> | <u>\$ 3,873,045</u> |

CITY OF TULSA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
Schedule of Changes by Function and Activity
Year ended June 30, 2012
(amounts expressed in thousands)

| Function and Activity | Governmental Funds Capital Assets July 1, 2011 | Additions | Deductions | Transfers/Reclass | Governmental Funds Capital Assets June 30, 2012 |
|--|---|-------------------|---------------------|--------------------|--|
| Administrative & Support: | | | | | |
| Mayor | \$ 41 | \$ - | \$ - | \$ (35) | \$ 6 |
| Finance | 1,165 | - | (11) | 16 | 1,170 |
| Legal | 94 | 5 | - | - | 99 |
| Human Resources | 865 | - | (58) | (372) | 435 |
| Communications | 21 | - | - | - | 21 |
| City Council | 46 | - | - | - | 46 |
| General Government | 27,689 | - | (1,012) | 901 | 27,578 |
| | <u>29,921</u> | <u>5</u> | <u>(1,081)</u> | <u>510</u> | <u>29,355</u> |
| Public Works & Transportation | <u>3,496,873</u> | <u>261,211</u> | <u>(151,392)</u> | <u>50,500</u> | <u>3,657,192</u> |
| | <u>3,496,873</u> | <u>261,211</u> | <u>(151,392)</u> | <u>50,500</u> | <u>3,657,192</u> |
| Public Safety & Protection | | | | | |
| Police | 62,557 | 4,618 | (2,568) | (655) | 63,952 |
| Fire | 77,804 | 6,990 | (1,457) | (23,395) | 59,942 |
| Municipal Court | 182 | - | (34) | 10 | 158 |
| Telecommunications | 23,439 | 801 | (137) | (983) | 23,120 |
| | <u>163,982</u> | <u>12,409</u> | <u>(4,196)</u> | <u>(25,023)</u> | <u>147,172</u> |
| Social & Economic Development | | | | | |
| Human Rights | 44 | - | - | - | 44 |
| WIN | 2,743 | - | (86) | 255 | 2,912 |
| Planning | 35 | 10 | - | - | 45 |
| Grant Administration | 34 | - | - | (34) | - |
| Development Services | 1,109 | - | (116) | (159) | 834 |
| Urban Development (EDREM) | 3,818 | - | (21) | (69) | 3,728 |
| | <u>7,783</u> | <u>10</u> | <u>(223)</u> | <u>(7)</u> | <u>7,563</u> |
| Cultural Development & Recreation | | | | | |
| Gilcrease | 17,953 | 12 | - | (720) | 17,245 |
| Parks | 117,105 | 2,876 | (241) | (27,388) | 92,352 |
| Public Events and PAC | 39,428 | 233 | - | (15,650) | 24,011 |
| | <u>174,486</u> | <u>3,121</u> | <u>(241)</u> | <u>(43,758)</u> | <u>133,608</u> |
| Total Governmental funds capital assets | <u>\$ 3,873,045</u> | <u>\$ 276,756</u> | <u>\$ (157,133)</u> | <u>\$ (17,778)</u> | <u>\$ 3,974,890</u> |

CITY OF TULSA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
 June 30, 2012
 (amounts expressed in thousands)

| Function and Activity | Land | Buildings | Improvements Other than Buildings | Machinery and Equipment | Infrastructure | Construction in Progress | Total |
|--|------------|------------|---|-------------------------------|----------------|--------------------------------|--------------|
| Administrative & Support | | | | | | | |
| Mayor | - | \$ - | \$ - | \$ 6 | \$ - | \$ - | 6 |
| Finance | 150 | - | - | 1,020 | - | - | 1,170 |
| Legal | - | - | - | 99 | - | - | 99 |
| Human Resources | - | - | - | 435 | - | - | 435 |
| Communications | - | 7 | - | 14 | - | - | 21 |
| Auditing | - | - | - | - | - | - | - |
| City Council | - | - | - | 46 | - | - | 46 |
| General Government | 4,758 | 6,781 | 16,041 | (2) | - | - | 27,578 |
| | 4,908 | 6,788 | 16,041 | 1,618 | - | - | 29,355 |
| Public Works & Transportation | | | | | | | |
| | 487,519 | 27,763 | 8,173 | 45,787 | 2,926,061 | 161,889 | 3,657,192 |
| | 487,519 | 27,763 | 8,173 | 45,787 | 2,926,061 | 161,889 | 3,657,192 |
| Public Safety & Protection | | | | | | | |
| Police | 1,499 | 24,833 | 68 | 37,552 | - | - | 63,952 |
| Fire | 1,797 | 16,696 | 266 | 41,183 | - | - | 59,942 |
| Municipal Court | - | - | - | 158 | - | - | 158 |
| Telecommunications | 32 | 822 | 512 | 21,754 | - | - | 23,120 |
| | 3,328 | 42,351 | 846 | 100,647 | - | - | 147,172 |
| Social & Economic Development | | | | | | | |
| Human Rights | - | - | - | 44 | - | - | 44 |
| WIN | - | 1,769 | - | 1,142 | - | - | 2,911 |
| Planning | - | - | - | 45 | - | - | 45 |
| Development Services | - | - | - | 834 | - | - | 834 |
| Urban Development (EDREM) | 2,936 | 140 | 585 | 68 | - | - | 3,729 |
| | 2,936 | 1,909 | 585 | 2,133 | - | - | 7,563 |
| Cultural Development & Recreation | | | | | | | |
| Gilcrease | 81 | 10,225 | 110 | 6,829 | - | - | 17,245 |
| Parks | 20,221 | 30,898 | 35,265 | 5,968 | - | - | 92,352 |
| PAC | 596 | 21,873 | - | 1,542 | - | - | 24,011 |
| River Parks | - | - | - | - | - | - | - |
| | 20,898 | 62,996 | 35,375 | 14,339 | - | - | 133,608 |
| Total Governmental Funds Capital Assets | \$ 519,589 | \$ 141,807 | \$ 61,020 | \$ 164,524 | \$ 2,926,061 | \$ 161,889 | \$ 3,974,890 |

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STATISTICAL SECTION

- NORTHEASTERN SKY -

The American White Pelican can often be seen in northeastern Oklahoma during the fall as they migrate south for the winter. Though rare, it is possible to see the pelicans feeding on the banks of the Arkansas River during winter months.



WHITE PELICAN

Statistical Section

THE STATISTICAL SECTION - Presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

- **Financial Trends**
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.
- **Revenue Capacity**
These schedules contain information to help the reader assess the government's most significant local revenue source, sales tax.
- **Debt Capacity**
These schedules include information to help the reader assess the affordability of the Government's current levels of outstanding debt and the government's ability to issue additional debt in the future.
- **Demographic and Economic Information**
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.
- **Operating Information**
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2000; schedules presenting government-wide information include information beginning in that year.

CITY OF TULSA
NET POSITION BY COMPONENT
Last Ten Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

| | 2012 | 2011** | 2010 | 2009* | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 1,050,508 | \$ 989,918 | \$ 967,462 | \$ 951,466 | \$ 952,282 | \$ 1,032,890 | \$ 941,096 | \$ 850,368 | \$ 847,135 | \$ 824,532 |
| Restricted | 197,455 | 160,049 | 121,161 | 132,695 | 148,553 | 123,475 | 153,941 | 204,727 | 162,724 | 164,689 |
| Unrestricted | 65,473 | 65,532 | 53,012 | 38,170 | 5,168 | 33,869 | 29,628 | 30,720 | 31,590 | 26,799 |
| | <u>\$ 1,313,436</u> | <u>\$ 1,215,499</u> | <u>\$ 1,141,635</u> | <u>\$ 1,122,331</u> | <u>\$ 1,106,003</u> | <u>\$ 1,190,254</u> | <u>\$ 1,124,665</u> | <u>\$ 1,085,815</u> | <u>\$ 1,041,449</u> | <u>\$ 1,016,020</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | 535,424 | 541,280 | 516,148 | 498,405 | 457,012 | 257,841 | 247,242 | 243,070 | 238,150 | 229,908 |
| Restricted | 11,875 | 8,936 | 11,185 | 9,482 | 13,582 | 9,528 | 7,806 | 7,154 | 7,017 | 6,002 |
| Unrestricted | 16,161 | 15,183 | 12,073 | 14,881 | 9,033 | 4,526 | 4,346 | 5,077 | 5,837 | 6,061 |
| | <u>\$ 563,460</u> | <u>\$ 565,399</u> | <u>\$ 539,406</u> | <u>\$ 522,768</u> | <u>\$ 479,627</u> | <u>\$ 271,895</u> | <u>\$ 259,394</u> | <u>\$ 255,301</u> | <u>\$ 251,004</u> | <u>\$ 241,971</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | 1,585,932 | 1,531,198 | 1,483,610 | 1,449,871 | 1,409,294 | 1,290,731 | 1,188,338 | 1,093,438 | 1,085,285 | 1,054,440 |
| Restricted | 209,330 | 168,985 | 132,346 | 142,177 | 162,135 | 133,003 | 161,747 | 211,881 | 169,741 | 170,691 |
| Unrestricted | 81,634 | 80,715 | 65,085 | 53,051 | 14,201 | 38,415 | 33,974 | 35,797 | 37,427 | 32,860 |
| | <u>\$ 1,876,896</u> | <u>\$ 1,780,898</u> | <u>\$ 1,681,041</u> | <u>\$ 1,645,099</u> | <u>\$ 1,585,630</u> | <u>\$ 1,462,149</u> | <u>\$ 1,384,059</u> | <u>\$ 1,341,116</u> | <u>\$ 1,292,453</u> | <u>\$ 1,257,991</u> |

* The June 30, 2009 governmental activities and business-type activities were restated \$43,441 and \$3,011 respectively to correct errors in capital asset depreciation. This schedule does not reflect these changes prior to 2009.

** The June 30, 2011 governmental activities and business-type activities were restated \$728 and \$1,288 respectively as a result of the adoption of GASB Statement No. 65. This schedule does not reflect these changes prior to 2011.

CITY OF TULSA
CHANGES IN NET POSITION
 (accrual basis of accounting)
 Last Ten Years
 (amounts expressed in thousands)

| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Administrative and support | \$ 34,516 | \$ 28,756 | \$ 34,010 | \$ 29,132 | \$ 34,165 | \$ 33,430 | \$ 34,029 | \$ 27,445 | \$ 24,647 | \$ 24,322 |
| Public safety and protection | 216,651 | 193,869 | 184,640 | 196,987 | 205,923 | 177,351 | 173,514 | 154,604 | 156,900 | 164,972 |
| Public works and transportation | 61,139 | 58,636 | 83,295 | 87,318 | 90,855 | 116,374 | 84,817 | 76,775 | 73,192 | 78,477 |
| Culture and recreation | 16,369 | 15,812 | 17,749 | 21,752 | 25,460 | 27,841 | 24,148 | 24,346 | 22,130 | 25,363 |
| Social and economic | 24,089 | 21,894 | 31,310 | 28,325 | 28,346 | 22,023 | 25,410 | 23,889 | 23,889 | 23,296 |
| Interest on long-term debt | 12,724 | 12,624 | 10,910 | 12,560 | 14,134 | 11,046 | 8,765 | 8,076 | 9,372 | 11,028 |
| Total governmental activities expenses | 365,488 | 331,591 | 361,914 | 376,074 | 398,883 | 391,818 | 347,296 | 316,656 | 310,130 | 327,478 |
| Business-type activities: | | | | | | | | | | |
| Stormwater | 27,729 | 26,050 | 24,859 | 23,743 | 21,744 | 19,862 | 17,575 | 16,556 | 14,078 | 13,084 |
| One Technology Center | 10,435 | 9,884 | 9,431 | 9,993 | 6,527 | - | - | - | - | - |
| Arena & Convention | 22,823 | 22,480 | 22,182 | 17,434 | 6,044 | - | - | - | - | - |
| Tulsa Stadium Trust | 3,603 | 3,768 | - | - | - | - | - | - | - | - |
| Golf Courses | 3,696 | 3,316 | 3,503 | 3,615 | 3,246 | 2,470 | 2,599 | 2,591 | 2,573 | 2,572 |
| Total business-type activities | 68,286 | 65,498 | 59,975 | 54,785 | 37,561 | 22,332 | 20,174 | 19,147 | 16,651 | 15,656 |
| Total primary government | 433,774 | 397,089 | 421,889 | 430,859 | 436,444 | 414,150 | 367,470 | 335,803 | 326,781 | 343,134 |
| Program Revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Administrative and support | 14,421 | 15,416 | 12,647 | 12,996 | 12,346 | 16,250 | 18,482 | 16,476 | 15,877 | 15,508 |
| Public safety and protection | 21,553 | 16,815 | 20,289 | 22,674 | 25,090 | 18,275 | 8,233 | 9,680 | 10,689 | 10,195 |
| Public works and transportation | 12,761 | 10,421 | 9,054 | 14,908 | 14,235 | 9,040 | 8,296 | 8,517 | 6,879 | 7,332 |
| Culture and recreation | 4,148 | 4,887 | 5,638 | 3,797 | 3,903 | 4,545 | 4,355 | 4,188 | 3,741 | 4,225 |
| Social and economic | 1,850 | 1,850 | 530 | 1,375 | 2,246 | 3,228 | 3,001 | 1,838 | 3,583 | 2,165 |
| Operating grants and contributions | 29,629 | 27,816 | 32,262 | 25,944 | 39,700 | 33,172 | 41,077 | 25,951 | 37,453 | 40,347 |
| Capital grants and contributions | 36,144 | 9,924 | 12,185 | 11,560 | 24,891 | 57,665 | 25,802 | 28,854 | 11,247 | 7,175 |
| Total governmental activities program revenues | 120,506 | 85,822 | 92,605 | 93,254 | 122,411 | 142,175 | 109,246 | 95,704 | 89,469 | 86,947 |
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Stormwater | 23,604 | 23,231 | 22,007 | 21,424 | 19,296 | 17,742 | 14,651 | 14,286 | 13,505 | 12,833 |
| One Technology Center | 9,401 | 8,560 | 6,637 | 5,787 | 2,478 | - | - | - | - | - |
| Arena & Convention | 12,012 | 12,300 | 12,130 | 10,281 | 1,128 | - | - | - | - | - |
| Tulsa Stadium Trust | 246 | 163 | 16,286 | - | - | - | - | - | - | - |
| Golf Courses | 2,574 | 2,024 | 2,733 | 2,713 | 1,683 | 1,084 | 1,221 | 1,392 | 1,401 | 1,456 |
| Operating grants and contributions | 308 | - | 79 | - | - | - | - | - | - | - |
| Capital grants and contributions | 1,072 | 3,319 | 10,735 | 36,839 | 113,759 | 11,082 | 6,211 | - | 2,342 | 2,063 |
| Total business-type activities program revenues | 49,217 | 49,597 | 70,607 | 77,044 | 138,344 | 29,908 | 22,083 | 15,678 | 17,248 | 16,352 |
| Total primary government program revenues | \$ 169,723 | \$ 135,419 | \$ 163,212 | \$ 170,298 | \$ 260,755 | \$ 172,083 | \$ 131,329 | \$ 111,382 | \$ 106,717 | \$ 103,299 |
| Net (expense) revenue: | | | | | | | | | | |
| Governmental activities | (244,982) | (245,769) | (269,309) | (282,820) | (276,472) | (249,643) | (238,050) | (220,952) | (220,661) | (240,531) |
| Business-type activities | (19,069) | (15,901) | (6,654) | 22,259 | 100,763 | 7,576 | 1,909 | (3,469) | 597 | 696 |
| Total primary government net expense | \$ (264,051) | \$ (261,670) | \$ (275,963) | \$ (260,561) | \$ (175,689) | \$ (242,067) | \$ (236,141) | \$ (224,421) | \$ (220,064) | \$ (239,835) |
| General Revenues and Other Changes in Net Position: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Sales tax | 219,240 | 199,384 | 193,505 | 207,289 | 210,633 | 201,717 | 192,261 | 182,136 | 177,732 | 176,510 |
| Property tax | 58,955 | 49,315 | 41,989 | 39,090 | 34,475 | 29,182 | 22,501 | 19,594 | 18,581 | 17,475 |
| Franchise tax | 22,427 | 27,225 | 26,144 | 25,871 | 23,211 | 22,213 | 22,064 | 22,753 | 22,661 | 21,817 |
| Use tax | 21,522 | 17,927 | 15,622 | 18,422 | 18,501 | 18,346 | 16,480 | 14,765 | 13,464 | 11,416 |
| Hotel / motel tax | 6,120 | 5,683 | 6,821 | 6,327 | 6,819 | 6,134 | 5,508 | 5,032 | 4,880 | 4,302 |
| Unrestricted grants and contributions | 23,305 | 22,698 | 15,860 | 21,224 | 20,396 | 20,765 | 20,023 | 16,958 | 14,127 | 13,189 |
| Payments from component units | 690 | 76 | 13 | 1,808 | 2,008 | 181 | 229 | 2,081 | 521 | 667 |
| Investment earnings | 2,888 | 7,513 | 9,566 | 19,570 | 24,151 | 18,971 | 4,927 | 4,060 | 282 | 11,821 |
| Miscellaneous | 4,586 | 2,490 | 1,705 | 3,788 | 5,246 | 2,014 | 1,011 | 1,178 | 2,182 | 1,537 |
| Transfers | (16,814) | (11,950) | (21,612) | (22,248) | (105,851) | (4,292) | (8,103) | (7,387) | (6,340) | (9,499) |
| Total governmental activities | 342,919 | 320,361 | 288,613 | 321,141 | 239,589 | 315,231 | 276,901 | 261,170 | 246,090 | 249,235 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings and other | 316 | 611 | 691 | 1,290 | 1,209 | 633 | 292 | 379 | 96 | 467 |
| Transfers & capital contributions | 16,814 | 11,950 | 23,619 | 22,248 | 105,851 | 4,292 | 1,892 | 7,387 | 8,340 | 9,499 |
| Total business-type activities | 17,130 | 12,561 | 24,310 | 23,538 | 107,060 | 5,025 | 2,184 | 7,766 | 8,436 | 9,966 |
| Total primary government | \$ 360,049 | \$ 332,922 | \$ 312,923 | \$ 344,679 | \$ 346,649 | \$ 320,256 | \$ 279,085 | \$ 268,936 | \$ 254,526 | \$ 259,201 |
| Changes in Net Position: | | | | | | | | | | |
| Governmental activities | 97,937 | 74,592 | 19,304 | 38,321 | (36,883) | 65,589 | 38,851 | 40,218 | 25,429 | 8,704 |
| Business-type activities | (1,939) | (3,340) | 18,656 | 45,797 | 207,843 | 12,501 | 4,093 | 4,297 | 9,033 | 10,662 |
| Total primary government | \$ 95,998 | \$ 71,252 | \$ 37,960 | \$ 84,118 | \$ 170,960 | \$ 78,090 | \$ 42,944 | \$ 44,515 | \$ 34,462 | \$ 19,366 |

CITY OF TULSA
GOVERNMENTAL ACTIVITIES - TAX REVENUES BY SOURCE

Last Ten Years

(accrual basis of accounting)
(amounts expressed in thousands)

| Year | Sales Tax | Property Tax | Franchise Tax | Use Tax | Hotel / Motel Tax | Total |
|------|------------|--------------|---------------|-----------|-------------------|------------|
| 2012 | \$ 219,240 | \$ 58,955 | \$ 22,427 | \$ 21,522 | \$ 6,120 | \$ 328,264 |
| 2011 | 199,384 | 49,315 | 27,225 | 17,927 | 5,683 | 299,534 |
| 2010 | 193,505 | 41,989 | 26,144 | 15,622 | 5,821 | 283,081 |
| 2009 | 207,289 | 39,090 | 25,871 | 18,422 | 6,327 | 296,999 |
| 2008 | 210,633 | 34,475 | 23,211 | 18,501 | 6,819 | 293,639 |
| 2007 | 201,717 | 29,182 | 22,213 | 18,346 | 6,134 | 277,592 |
| 2006 | 192,261 | 22,064 | 22,501 | 16,480 | 5,508 | 258,814 |
| 2005 | 182,136 | 22,753 | 19,594 | 14,765 | 5,032 | 244,280 |
| 2004 | 177,732 | 22,661 | 18,581 | 13,464 | 4,880 | 237,318 |
| 2003 | 176,520 | 21,817 | 17,475 | 11,416 | 4,302 | 231,530 |

CITY OF TULSA
PROGRAM REVENUE BY FUNCTION / PROGRAM
Last Ten Years

(accrual basis of accounting)
(amounts expressed in thousands)

| Function/Program: | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Governmental activities: | | | | | | | | | | |
| Administrative and support | \$ 14,421 | \$ 15,416 | \$ 13,380 | \$ 13,240 | \$ 12,368 | \$ 16,250 | \$ 18,482 | \$ 16,476 | \$ 15,877 | \$ 15,508 |
| Public safety and protection | 47,144 | 37,311 | 37,973 | 39,454 | 49,018 | 37,459 | 35,254 | 17,616 | 31,962 | 32,018 |
| Public works and transportation | 47,118 | 16,475 | 20,024 | 25,397 | 43,524 | 64,317 | 33,105 | 36,999 | 18,507 | 16,290 |
| Culture and recreation | 4,148 | 5,122 | 5,960 | 3,801 | 3,943 | 4,545 | 4,355 | 4,205 | 3,765 | 4,225 |
| Social and economic | 7,675 | 11,498 | 15,268 | 11,362 | 13,558 | 19,604 | 18,050 | 20,408 | 19,358 | 18,906 |
| Total governmental activities | 120,506 | 85,822 | 92,605 | 93,254 | 122,411 | 142,175 | 109,246 | 95,704 | 89,469 | 86,947 |
| Business-type activities: | | | | | | | | | | |
| Stormwater | 24,676 | 24,824 | 25,078 | 33,057 | 20,657 | 28,824 | 20,394 | 14,286 | 15,847 | 14,815 |
| One Technology Center | 9,401 | 8,560 | 6,637 | 5,787 | 2,478 | - | - | - | - | - |
| Arena & Convention | 12,012 | 12,856 | 19,871 | 35,487 | 113,526 | - | - | - | - | - |
| Tulsa Stadium Trust ^a | 554 | 918 | 16,286 | - | - | - | - | - | - | - |
| Tulsa Golf Courses | 2,574 | 2,439 | 2,735 | 2,713 | 1,683 | 1,084 | 1,689 | 1,392 | 1,401 | 1,537 |
| Total business-type activities | 49,217 | 49,597 | 70,607 | 77,044 | 138,344 | 29,908 | 22,083 | 15,678 | 17,248 | 16,352 |
| Total primary government | \$ 169,723 | \$ 135,419 | \$ 163,212 | \$ 170,298 | \$ 260,755 | \$ 172,083 | \$ 131,329 | \$ 111,382 | \$ 106,717 | \$ 103,299 |

^a Prior to 2010 and the adoption of GASB No. 61, *The Financial Reporting Entity, Omnibus*, the Tulsa Stadium Trust was reported as a discretely presented component unit of the City.

CITY OF TULSA
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Years

(modified accrual basis of accounting)
(amounts expressed in thousands)

| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General Fund: | | | | | | | | | | |
| Nonspendable | \$ 606 | \$ 1,055 | \$ 7,730 | \$ 8,876 | \$ 13,273 | \$ 9,668 | \$ 8,831 | \$ 10,659 | \$ 10,871 | \$ 10,930 |
| Restricted | - | - | 47,045 | 41,647 | 37,759 | 43,778 | 38,665 | 32,809 | 35,294 | 30,076 |
| Committed | - | - | \$ 54,775 | \$ 50,523 | \$ 51,032 | \$ 53,446 | \$ 47,496 | \$ 43,468 | \$ 46,165 | \$ 41,006 |
| Assigned | 20,989 | 13,807 | | | | | | | | |
| Unassigned | 49,540 | 52,255 | | | | | | | | |
| | <u>\$ 71,135</u> | <u>\$ 67,117</u> | | | | | | | | |
| Other Governmental Funds: | | | | | | | | | | |
| Nonspendable | - | - | 229,880 | 224,633 | 221,997 | 229,496 | 206,626 | 182,231 | 141,698 | 145,341 |
| Restricted | 356,286 | 325,181 | | | | | | | | |
| Committed | 1,095 | 1,135 | 15,572 | 9,552 | 9,412 | 12,842 | 10,294 | 12,959 | 11,481 | 12,950 |
| Assigned | 716 | 3,977 | 12,412 | 4,014 | 3,948 | 3,439 | 2,733 | 5,650 | 5,665 | 3,919 |
| Unassigned | (145) | (261) | 1,966 | 1,692 | 1,095 | 832 | 358 | 5,895 | 5,964 | 4,735 |
| | <u>\$ 357,952</u> | <u>\$ 330,032</u> | <u>\$ 259,830</u> | <u>\$ 239,891</u> | <u>\$ 236,452</u> | <u>\$ 246,609</u> | <u>\$ 220,011</u> | <u>\$ 206,735</u> | <u>\$ 164,808</u> | <u>\$ 166,945</u> |

Note: GASB Statement No. 54 changed the reporting of fund balances by establishing fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The City adopted GASB Statement No. 54 for the year ending June 30, 2011. Accordingly, information for prior years is unavailable.

CITY OF TULSA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Sales tax | \$ 219,240 | \$ 199,384 | \$ 193,505 | \$ 207,289 | \$ 210,633 | \$ 201,716 | \$ 192,261 | \$ 182,136 | \$ 177,732 | \$ 176,520 |
| Property tax | 54,124 | 44,690 | 34,457 | 33,287 | 30,838 | 22,213 | 19,047 | 18,511 | 21,276 | 20,503 |
| Franchise tax | 22,427 | 27,225 | 26,144 | 25,871 | 23,211 | 26,322 | 22,501 | 19,594 | 18,581 | 17,475 |
| Use tax | 21,522 | 17,927 | 15,622 | 18,422 | 18,501 | 18,346 | 16,480 | 14,765 | 13,484 | 11,416 |
| Hotel/motel tax | 6,120 | 5,683 | 5,821 | 6,327 | 6,819 | 6,134 | 5,508 | 5,032 | 4,302 | 4,480 |
| Special assessment tax | 3,164 | 3,169 | 3,275 | 855 | 910 | 869 | 795 | 530 | 539 | 539 |
| Charges for services | 40,313 | 35,918 | 40,385 | 42,353 | 39,554 | 35,123 | 33,723 | 32,386 | 29,129 | 29,109 |
| Intergovernmental revenues | 43,894 | 42,261 | 51,776 | 50,761 | 71,134 | 98,539 | 65,972 | 54,805 | 48,644 | 47,339 |
| Fines and forfeitures | 11,718 | 10,875 | 8,257 | 8,763 | 12,001 | 10,350 | 8,957 | 8,424 | 8,341 | 7,924 |
| Investment income | 5,186 | 6,140 | 8,663 | 12,913 | 18,911 | 15,279 | 6,638 | 5,780 | 988 | 9,524 |
| Licenses, permits and fees | 6,832 | 5,922 | 5,175 | 6,191 | 6,745 | 5,823 | 5,979 | 5,625 | 4,970 | 4,922 |
| Program income from grants | 1,763 | 440 | 530 | 793 | 1,606 | 3,228 | 2,421 | 1,267 | 2,979 | 1,557 |
| Payments from component units | 668 | 57 | 13 | 1,808 | 2,008 | 181 | 229 | 2,081 | 521 | 667 |
| Miscellaneous | 4,547 | 2,492 | 2,794 | 3,787 | 5,935 | 2,664 | 2,080 | 1,523 | 1,786 | 1,899 |
| Total revenues | <u>441,518</u> | <u>402,183</u> | <u>396,417</u> | <u>419,420</u> | <u>448,806</u> | <u>446,787</u> | <u>382,591</u> | <u>352,459</u> | <u>333,830</u> | <u>333,696</u> |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Administration and support | 27,443 | 21,638 | 20,819 | 20,826 | 19,781 | 17,376 | 16,988 | 14,947 | 14,064 | 14,661 |
| Public safety and protection | 186,059 | 171,552 | 174,401 | 188,475 | 193,595 | 174,293 | 169,218 | 143,780 | 146,794 | 151,019 |
| Public works and transportation | 29,039 | 31,557 | 31,412 | 32,174 | 35,064 | 30,072 | 26,855 | 27,060 | 23,146 | 26,154 |
| Culture and recreation | 14,948 | 14,385 | 15,362 | 19,473 | 22,753 | 25,385 | 23,631 | 22,535 | 20,937 | 22,190 |
| Social and economic development | 20,785 | 20,215 | 28,991 | 25,611 | 26,897 | 25,259 | 21,465 | 24,744 | 23,804 | 23,214 |
| Refund of sales and use taxes | - | - | - | - | - | - | - | 376 | 1,921 | 8,218 |
| Payments to component units | 16,891 | 10,354 | 16,535 | 23,480 | 21,970 | 31,899 | 9,675 | 12,052 | 13,106 | 14,820 |
| Capital outlay | 105,164 | 79,680 | 105,904 | 102,681 | 122,328 | 142,399 | 93,566 | 74,665 | 57,139 | 75,136 |
| Debt service: | | | | | | | | | | |
| Principal | 32,621 | 24,581 | 18,860 | 17,354 | 20,481 | 17,392 | 16,114 | 12,703 | 13,969 | 8,531 |
| Interest | 15,887 | 15,887 | 14,433 | 12,251 | 10,172 | 7,436 | 7,436 | 6,148 | 6,814 | 7,332 |
| Total expenditures | <u>448,837</u> | <u>389,849</u> | <u>426,717</u> | <u>442,325</u> | <u>473,041</u> | <u>471,511</u> | <u>384,948</u> | <u>339,010</u> | <u>321,694</u> | <u>351,275</u> |
| Excess (deficiency) of revenues over (under) expenditures | (7,319) | 12,334 | (30,300) | (22,905) | (24,235) | (24,724) | (2,357) | 13,449 | 12,136 | (17,579) |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | 3,969 | 3,941 | 25,758 | 12,761 | 13,590 | 20,083 | 17,262 | 10,108 | 11,777 | 15,779 |
| Transfers out | (16,025) | (16,565) | (47,650) | (35,395) | (37,777) | (29,163) | (21,177) | (21,083) | (22,784) | (26,993) |
| Sale of capital assets | 664 | 1,691 | 821 | - | - | 65,934 | - | - | - | - |
| Bond issuance | 50,000 | 70,000 | 70,000 | 48,453 | 35,851 | - | (6,211) | 36,781 | - | - |
| Refunding bond issuance | - | 21,546 | 23,558 | - | - | - | 30,183 | 12,917 | 28,021 | 12,339 |
| Premium on bond issuance | 647 | 11,143 | 12,017 | 16 | - | 418 | - | 2,652 | 2,758 | - |
| Payment to bond escrow agent | - | (21,546) | (30,013) | - | - | - | 229 | (16,419) | (28,886) | (12,761) |
| Total other financing sources (uses) | <u>39,257</u> | <u>70,210</u> | <u>54,491</u> | <u>25,835</u> | <u>11,664</u> | <u>57,272</u> | <u>20,286</u> | <u>24,956</u> | <u>(9,114)</u> | <u>(11,636)</u> |
| Net changes in fund balances | 31,938 | 82,544 | 24,191 | 2,930 | (12,571) | 32,548 | 17,929 | 38,405 | 3,022 | (29,215) |
| Fund balance, beginning | 397,149 | 314,605 | 290,414 | 287,484 | 300,055 | 268,132 | 250,203 | 210,973 | 207,951 | 237,166 |
| Cumulative effect of change in acctg. principle | - | - | - | - | (625) | - | - | 825 | - | - |
| Fund balance, ending | <u>\$ 429,087</u> | <u>\$ 397,149</u> | <u>\$ 314,605</u> | <u>\$ 290,414</u> | <u>\$ 287,484</u> | <u>\$ 300,055</u> | <u>\$ 268,132</u> | <u>\$ 250,203</u> | <u>\$ 210,973</u> | <u>\$ 207,951</u> |
| Debt service as a percentage of noncapital expenditures | 13.96% | 12.86% | 9.59% | 8.72% | 8.74% | 7.54% | 8.08% | 7.13% | 7.86% | 5.74% |

CITY OF TULSA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
Last Ten Years

(modified accrual basis of accounting)
(amounts expressed in thousands)

| Year | Sales Tax | Property Tax | Franchise Tax | Use Tax | Hotel/Motel Tax | Total |
|------|------------|--------------|---------------|-----------|-----------------|------------|
| 2012 | \$ 219,240 | \$ 54,124 | \$ 22,427 | \$ 21,522 | \$ 6,120 | \$ 323,433 |
| 2011 | 199,384 | 44,690 | 27,225 | 17,927 | 5,683 | 294,909 |
| 2010 | 193,505 | 34,457 | 26,144 | 15,622 | 5,821 | 275,549 |
| 2009 | 207,289 | 33,287 | 25,871 | 18,422 | 6,327 | 291,196 |
| 2008 | 208,435 | 33,287 | 23,999 | 18,348 | 6,807 | 290,876 |
| 2007 | 201,716 | 26,322 | 22,213 | 18,346 | 6,134 | 274,731 |
| 2006 | 192,261 | 19,047 | 22,501 | 16,480 | 5,508 | 255,797 |
| 2005 | 182,136 | 18,511 | 19,594 | 14,765 | 5,032 | 240,038 |
| 2004 | 177,732 | 21,276 | 18,581 | 13,464 | 4,880 | 235,933 |
| 2003 | 176,520 | 20,503 | 17,475 | 11,416 | 4,302 | 230,216 |

CITY OF TULSA
PRINCIPAL SALES TAX REMITTERS
(amounts expressed in thousands)
June 30, 2012

| | | 2012 | | | 2011 | | | | |
|----------|--------------------------------------|------------------|--------------------|----------------------------------|----------|--------------------------------------|------------------|--------------------|----------------------------------|
| SIC Code | Sales Tax Remitter | Amount Remitted | Revenue Base | Percentage of Total Revenue Base | SIC Code | Sales Tax Remitter | Amount Remitted | Revenue Base | Percentage of Total Revenue Base |
| 53 | General Merchandise Stores | \$36,505 | \$1,200,788 | 16.65% | 53 | General Merchandise Stores | \$32,866 | \$1,095,533 | 15.19% |
| 58 | Eating and Drinking Places | 26,339 | 866,394 | 12.02% | 58 | Eating and Drinking Places | 25,132 | 837,733 | 11.62% |
| 59 | Miscellaneous Retail | 22,144 | 728,386 | 10.10% | 59 | Miscellaneous Retail | 20,966 | 698,867 | 9.69% |
| 49 | Electric, Gas, & Sanitary Services | 16,005 | 526,471 | 7.30% | 49 | Electric, Gas, & Sanitary Services | 15,497 | 516,567 | 7.16% |
| 57 | Furniture & Home Furnishings Store | 15,762 | 518,458 | 7.19% | 57 | Furniture & Home Furnishings Store | 14,930 | 497,667 | 6.90% |
| 54 | Food Stores | 15,046 | 494,911 | 6.86% | 54 | Food Stores | 14,538 | 484,600 | 6.72% |
| 52 | Building Materials & Garden Supplies | 13,319 | 438,119 | 6.08% | 52 | Building Materials & Garden Supplies | 11,617 | 387,233 | 5.37% |
| 50 | Wholesale Trade-Durable Goods | 12,319 | 405,235 | 5.62% | 50 | Wholesale Trade-Durable Goods | 10,447 | 348,233 | 4.83% |
| 56 | Apparel And Accessory Stores | 11,065 | 363,967 | 5.05% | 56 | Apparel And Accessory Stores | 9,888 | 329,600 | 4.57% |
| 48 | Communication | 10,525 | 346,196 | 4.80% | 48 | Communication | 8,806 | 293,533 | 4.07% |
| | | <u>\$179,028</u> | <u>\$5,888,925</u> | <u>81.68%</u> | | | <u>\$164,687</u> | <u>\$5,489,567</u> | <u>76.14%</u> |

Sources: Oklahoma Tax Commission

CITY OF TULSA
DIRECT AND OVERLAPPING SALES TAX RATES
Last Ten Years

| Year | City of Tulsa | Tulsa County | State of Oklahoma |
|------|------------------|-----------------|----------------------|
| 2012 | 3.167% | 1.000% | 4.500% |
| 2011 | 3.167% | 1.000% | 4.500% |
| 2010 | 3.000% | 1.167% | 4.500% |
| 2009 | 3.000% | 1.167% | 4.500% |
| 2008 | 3.000% | 1.167% | 4.500% |
| 2007 | 3.000% | 1.167% | 4.500% |
| 2006 | 3.000% | 1.167% | 4.500% |
| 2005 | 3.000% | 1.167% | 4.500% |
| 2004 | 3.000% | 1.167% | 4.500% |
| 2003 | 3.000% | 0.417% | 4.500% |

Source: City of Tulsa

CITY OF TULSA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Years
(amounts expressed in thousands)

| Year | Real Property | | | Personal Property | | | Public Service Property | | | TOTAL | | | |
|------|------------------------|--------------------|----------------------|------------------------|--------------------|----------------------|-------------------------|--------------------|----------------------|------------------------|--------------------|----------------------|------------------------------------|
| | Estimated Actual Value | Net Assessed Value | Tax Rate Per \$1,000 | Estimated Actual Value | Net Assessed Value | Tax Rate Per \$1,000 | Estimated Actual Value | Net Assessed Value | Tax Rate Per \$1,000 | Estimated Actual Value | Net Assessed Value | Tax Rate Per \$1,000 | Assessed to Estimated Actual Value |
| 2012 | \$ 23,257,483 | \$ 2,558,579 | 16.43 | \$ 3,612,420 | \$ 361,242 | 2.32 | \$ 615,592 | \$ 195,635 | 1.26 | \$ 27,485,495 | \$ 3,115,456 | 20.01 | 11.3% |
| 2011 | 22,980,865 | 2,528,148 | 13.71 | 3,836,900 | 383,690 | 2.08 | 687,020 | 218,335 | 1.18 | 27,504,785 | 3,130,173 | 16.98 | 11.4% |
| 2010 | 22,455,554 | 2,470,358 | 11.35 | 3,991,610 | 399,161 | 1.83 | 658,738 | 209,347 | 0.96 | 27,105,902 | 3,078,866 | 14.15 | 11.4% |
| 2009 | 21,699,539 | 2,387,188 | 11.36 | 3,857,010 | 385,701 | 1.84 | 585,925 | 186,207 | 0.89 | 26,142,474 | 2,959,096 | 14.08 | 11.3% |
| 2008 | 20,631,446 | 2,269,686 | 13.48 | 3,617,470 | 361,747 | 13.48 | 608,046 | 193,237 | 13.48 | 24,856,962 | 2,824,670 | 13.48 | 11.4% |
| 2007 | 19,558,898 | 2,151,694 | 12.67 | 3,504,620 | 350,462 | 12.67 | 679,072 | 215,809 | 12.67 | 23,742,590 | 2,717,965 | 12.67 | 11.4% |
| 2006 | 18,733,445 | 2,060,885 | 9.97 | 3,149,020 | 314,902 | 9.97 | 700,230 | 222,533 | 9.97 | 22,582,695 | 2,588,320 | 9.97 | 11.5% |
| 2005 | 17,739,317 | 1,951,520 | 10.11 | 3,241,550 | 324,155 | 10.11 | 743,191 | 236,186 | 10.11 | 21,724,058 | 2,511,861 | 10.11 | 11.6% |
| 2004 | 16,987,974 | 1,868,864 | 11.16 | 3,304,960 | 330,496 | 11.16 | 824,519 | 262,032 | 11.16 | 21,117,453 | 2,461,392 | 11.16 | 11.7% |
| 2003 | 16,249,020 | 1,787,571 | 11.23 | 3,395,050 | 339,505 | 11.23 | 1,002,196 | 318,498 | 11.23 | 20,646,266 | 2,445,574 | 11.23 | 11.8% |

Source: Tulsa County Assessor

CITY OF TULSA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(Per \$1,000 of Net Assessed Valuation)
Last Ten Years
(amounts expressed in thousands)

| Year | DIRECT | | OVERLAPPING | | | | Total |
|------|--------------|--------------|-------------|----------|----------------|---------------|-----------|
| | General Fund | Sinking Fund | Schools | County | County Library | County Health | |
| 2012 | \$ - | \$ 20.01 | \$ 89.33 | \$ 10.34 | \$ 5.32 | \$ 2.58 | \$ 127.58 |
| 2011 | - | 16.98 | 88.44 | 10.31 | 5.32 | 2.58 | 123.63 |
| 2010 | - | 14.15 | 89.49 | 10.31 | 5.32 | 2.58 | 121.85 |
| 2009 | - | 14.08 | 88.31 | 10.31 | 5.32 | 2.58 | 120.60 |
| 2008 | - | 13.48 | 88.31 | 10.31 | 5.32 | 2.58 | 120.00 |
| 2007 | - | 12.67 | 87.47 | 10.31 | 5.32 | 2.58 | 118.35 |
| 2006 | - | 9.97 | 89.16 | 10.69 | 5.32 | 2.58 | 117.72 |
| 2005 | - | 10.11 | 89.45 | 10.71 | 5.32 | 2.58 | 118.17 |
| 2004 | - | 11.16 | 91.40 | 10.99 | 5.32 | 2.58 | 121.45 |
| 2003 | - | 11.23 | 89.18 | 11.93 | 5.32 | 2.58 | 120.24 |

Source: Tulsa County Assessor

CITY OF TULSA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Years

(amounts expressed in thousands)

| Year | Total Tax Levy | Current Tax Collections | Percent of Levy Collected | Delinquent Taxes Receivable | Delinquent Percent of Levy | Delinquent Tax Collections | Total Collections | Percent of Total Collections to Tax Levy |
|------|----------------|-------------------------|---------------------------|-----------------------------|----------------------------|----------------------------|-------------------|--|
| 2012 | \$ 62,334 | \$ 60,219 | 96.6% | \$ 10,334 | 16.6% | \$ 1,736 | \$ 61,955 | 99.4% |
| 2011 | 53,163 | 50,945 | 95.8% | 9,955 | 18.7% | 1,323 | 52,268 | 98.3% |
| 2010 | 43,557 | 41,887 | 96.2% | 9,060 | 20.8% | 1,079 | 42,966 | 98.6% |
| 2009 | 41,663 | 40,014 | 96.0% | 8,469 | 20.3% | 877 | 40,891 | 98.1% |
| 2008 | 38,098 | 36,305 | 95.3% | 7,697 | 20.2% | 1,766 | 38,071 | 99.9% |
| 2007 | 34,420 | 33,018 | 95.9% | 7,387 | 21.5% | 275 | 33,293 | 96.7% |
| 2006 | 25,893 | 24,799 | 95.8% | 6,260 | 24.2% | 760 | 25,559 | 98.7% |
| 2005 | 25,386 | 24,163 | 95.2% | 5,926 | 23.3% | 783 | 24,946 | 98.3% |
| 2004 | 27,467 | 26,184 | 95.3% | 5,769 | 21.0% | 1,000 | 27,184 | 99.0% |
| 2003 | 27,460 | 25,997 | 94.7% | 5,486 | 20.0% | 739 | 26,736 | 97.4% |

CITY OF TULSA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Years
(amounts expressed in thousands, except per capita)

| Year | General Bonded Debt | | Percentage of Net Assessed Value ^a | Per Capita ^b | Other | | Business Type | | Total Primary Government ^c | Percentage of Personal Income ^b | Per Capita ^b |
|------|--|-------------------------|---|-------------------------|------------------------------|------------|---------------|-----------------|---------------------------------------|--|-------------------------|
| | General Obligation Bonds, Net ^a | Bonds, Net ^a | | | Governmental Activities Debt | Revenue | Bonds, Net | Activities Debt | | | |
| 2012 | \$ 404,116 | \$ 104,462 | 12.97% | \$ 1,019 | \$ 10,900 | \$ 104,462 | \$ 519,478 | \$ 519,478 | 2.93% | \$ 1,310 | |
| 2011 | 394,399 | 14,125 | 12.60% | 1,006 | 14,125 | 106,547 | 515,071 | 515,071 | 3.21% | 1,314 | |
| 2010 | 358,257 | 27,515 | 11.64% | 919 | 27,515 | 90,505 | 476,277 | 476,277 | 3.10% | 1,221 | |
| 2009 | 307,832 | 40,239 | 10.40% | 795 | 40,239 | 92,725 | 440,796 | 440,796 | 3.26% | 1,139 | |
| 2008 | 251,449 | 51,965 | 8.90% | 655 | 51,965 | 95,270 | 398,684 | 398,684 | 2.61% | 1,033 | |
| 2007 | 229,448 | 73,350 | 8.44% | 604 | 73,350 | 2,425 | 305,223 | 305,223 | 2.19% | 803 | |
| 2006 | 198,977 | 89,579 | 7.66% | 517 | 89,579 | 2,780 | 291,336 | 291,336 | 2.22% | 757 | |
| 2005 | 183,781 | 27,401 | 7.32% | 470 | 27,401 | 3,125 | 214,307 | 214,307 | 1.72% | 562 | |
| 2004 | 157,284 | 39,113 | 6.39% | 405 | 39,113 | 3,460 | 199,857 | 199,857 | 1.73% | 523 | |
| 2003 | 174,341 | 49,640 | 7.13% | 444 | 49,640 | 3,600 | 227,581 | 227,581 | 1.96% | 588 | |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

^a See Schedule of Ratios of Net General Bonded Debt To Assessed Values and Net Bonded Debt Per Capita for net assessed value data.

^b Population and personal income data can be found on Schedule of Demographics and Economic Statistics.

^c Includes general bonded debt, other governmental activities debt, and business-type activities debt.

CITY OF TULSA
RATIOS OF NET GENERAL BONDED DEBT TO
ASSESSED VALUES AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS

(amounts expressed in thousands)

| Year | Population | Net Assessed Value | Gross General Bonded Debt | Less Bond Reserves | Less Debt Payable From Component Unit Revenues | Net Bonded Debt ^a | Ratio of Net Bonded Debt To Assessed Value (Percentage) | Net Bonded Debt Per Capita (In dollars) |
|------|------------|--------------------|---------------------------|--------------------|--|------------------------------|---|---|
| 2012 | 396,466 | \$ 3,115,456 | \$ 454,775 | \$ 28,505 | \$ 22,154 | \$ 404,116 | 12.97% | \$ 1,019 |
| 2011 | 392,000 | 3,130,173 | 437,795 | 18,635 | 24,761 | 394,399 | 12.60% | 1,006 |
| 2010 | 390,000 | 3,078,866 | 394,445 | 8,120 | 28,068 | 358,257 | 11.64% | 919 |
| 2009 | 387,000 | 2,959,096 | 350,475 | 11,900 | 30,743 | 307,832 | 10.40% | 795 |
| 2008 | 384,000 | 2,824,690 | 316,429 | 7,860 | 57,120 | 251,449 | 8.90% | 655 |
| 2007 | 380,000 | 2,717,965 | 291,009 | 9,160 | 52,401 | 229,448 | 8.44% | 604 |
| 2006 | 385,000 | 2,598,320 | 236,199 | 7,920 | 29,302 | 198,977 | 7.66% | 517 |
| 2005 | 391,000 | 2,511,861 | 226,060 | 11,005 | 31,274 | 183,781 | 7.32% | 470 |
| 2004 | 388,000 | 2,461,392 | 197,385 | 12,340 | 27,761 | 157,284 | 6.39% | 405 |
| 2003 | 392,910 | 2,445,574 | 215,740 | 11,240 | 30,159 | 174,341 | 7.13% | 444 |

^a Certain General Obligation bonds issued to fund water and sewer projects are repayable 50% from component unit revenues and 50% from property revenues. The portion of these issues, net of any reserves, that are repayable from property tax revenues are included in the amount of net bonded debt per capita.

Sources: Net Assessed Value - Tulsa County Assessor
Other data: City of Tulsa

CITY OF TULSA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
Last Ten Years
(amounts expressed in thousands)

| Year | Principal | Interest | Total Debt Service | Total General Governmental Expenditures | Ratio of Debt Service to General Expenditure (Percentage) |
|------|-----------|-----------|--------------------|---|---|
| 2012 | \$ 31,173 | \$ 17,335 | \$ 48,508 | \$ 448,837 | 10.8 % |
| 2011 | 22,060 | 18,052 | 40,112 | 389,849 | 10.3 % |
| 2010 | 17,610 | 16,008 | 33,618 | 426,717 | 7.9 % |
| 2009 | 17,755 | 14,326 | 32,081 | 442,325 | 7.3 % |
| 2008 | 19,090 | 13,129 | 32,219 | 473,041 | 6.8 % |
| 2007 | 17,880 | 10,866 | 28,746 | 471,511 | 6.1 % |
| 2006 | 20,860 | 10,247 | 31,107 | 384,948 | 8.1 % |
| 2005 | 18,305 | 8,795 | 27,100 | 339,010 | 8.0 % |
| 2004 | 15,955 | 10,507 | 26,462 | 318,029 | 8.3 % |
| 2003 | 12,650 | 11,968 | 24,618 | 351,275 | 7.0 % |

CITY OF TULSA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2012
(amounts expressed in thousands)

| <u>Governmental Unit</u> | <u>Net Debt⁽¹⁾</u> | <u>Estimated⁽²⁾</u> | <u>Estimated</u> |
|--|-------------------------------|--------------------------------|--------------------------|
| | <u>Outstanding</u> | <u>Percentage</u> | <u>Share</u> |
| | | <u>Applicable to</u> | <u>Applicable to</u> |
| | | <u>City of Tulsa</u> | <u>City of Tulsa</u> |
| Debt repaid with property taxes: | | | |
| Independent School District: | | | |
| No. 1 TPS | \$ 136,722 | 64.7% | \$ 88,400 |
| No. 3 BA | 75,750 | 1.1% | 854 |
| No. 4 Bixby | 29,575 | 1.2% | 348 |
| No. 5 Jenks | 73,970 | 15.6% | 11,570 |
| No. 9 Union | 72,325 | 17.4% | 12,571 |
| | | | <u>113,743</u> |
| City direct debt | \$ 426,270 | 100.0% | 426,270 |
| Total direct and overlapping debt | | | <u>\$ 540,013</u> |

Notes: (1) General bonded debt net of reserves.
(2) Ratio of assessed valuation of property within the overlapping unit to assessed valuation of property within the City of Tulsa.

Sources: Tulsa County Assessor
Independent School Districts

CITY OF TULSA
COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Years

(amounts expressed in thousands)

| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Debt limit ¹⁻² | \$ 311,546 | \$ 313,017 | \$ 307,877 | \$ 295,910 | \$ 282,469 | \$ 271,797 | \$ 259,832 | \$ 251,186 | \$ 246,139 | \$ 244,557 |
| Total net debt subject to limit ³ | - | - | - | - | - | - | - | - | 3,200 | 6,305 |
| Legal debt margin | \$ 311,546 | \$ 313,017 | \$ 307,877 | \$ 295,910 | \$ 282,469 | \$ 271,797 | \$ 259,832 | \$ 251,186 | \$ 242,939 | \$ 238,252 |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 1.30% | 2.58% |

Sources:

¹ Tulsa County Assessor - Net Assessed Valuation

² Article 10, Section 26, Oklahoma Constitution - 10% of Net Assessed Valuation

³ Article 10, Section 27, Oklahoma Constitution - debt subject to limit

CITY OF TULSA
REVENUE BOND COVERAGES
Last Ten Years
(amounts expressed in thousands)

Tulsa Parking Authority

| Year | Net Revenue | | | | | | | Coverage ² |
|------|-------------------------------|---------------------------------|----------------------------------|---------------------------|----------|----------|------|-----------------------|
| | Gross ¹ Revenue | Direct Operating Expenses | Available For Debt Service | Debt Service Requirements | | | | |
| | | | | Principal | Interest | Total | | |
| 2012 | \$ 6,103 | \$ 3,438 | \$ 2,665 | \$ 1,420 | \$ 1,245 | \$ 2,665 | 1.00 | |
| 2011 | 5,860 | 3,580 | 2,280 | 1,375 | 905 | 2,280 | 1.00 | |
| 2010 | 5,760 | 2,834 | 2,926 | 1,330 | 951 | 2,281 | 1.28 | |
| 2009 | 5,839 | 2,655 | 3,184 | 1,280 | 997 | 2,277 | 1.40 | |
| 2008 | 5,280 | 2,343 | 2,937 | 1,235 | 1,042 | 2,277 | 1.29 | |
| 2007 | 5,458 | 2,201 | 3,257 | 1,195 | 1,083 | 2,278 | 1.43 | |
| 2006 | 5,233 | 2,921 | 2,312 | 1,130 | 1,124 | 2,254 | 1.03 | |
| 2005 | 4,912 | 2,355 | 2,557 | 515 | 1,093 | 1,608 | 1.59 | |
| 2004 | 3,421 | 2,121 | 1,300 | 495 | 644 | 1,139 | 1.14 | |
| 2003 | 2,717 | 875 | 1,842 | 300 | 527 | 827 | 2.23 | |

¹ Gross revenue of the "Parking System" as defined by the terms of the bond indenture. Excluded are revenues derived outside of the "Parking System."

² Minimum coverage per agreements 1.00

Tulsa Airports

| Year | Net Revenue | | | | | | | Coverage |
|------|-------------------------------|---------------------------------|----------------------------------|---------------------------|----------|-----------|------|----------|
| | Gross ¹ Revenue | Direct Operating Expenses | Available For Debt Service | Debt Service Requirements | | | | |
| | | | | Principal | Interest | Total | | |
| 2011 | \$ 45,580 | \$ 21,473 | \$ 24,107 | \$ 7,650 | \$ 9,106 | \$ 16,756 | 1.44 | |
| 2011 | 45,917 | 21,163 | 24,754 | 7,245 | 9,141 | 16,386 | 1.51 | |
| 2010 | 42,601 | 19,721 | 22,880 | 9,225 | 7,701 | 16,926 | 1.35 | |
| 2009 | 32,440 | 20,830 | 11,610 | 5,845 | 5,732 | 11,577 | 1.00 | |
| 2008 | 34,986 | 20,277 | 14,709 | 5,305 | 6,583 | 11,888 | 1.45 | |
| 2007 | 36,012 | 19,668 | 16,344 | 5,110 | 7,259 | 12,369 | 1.32 | |
| 2006 | 32,907 | 18,528 | 14,379 | 4,490 | 6,616 | 11,106 | 1.29 | |
| 2005 | 29,987 | 16,912 | 13,075 | 1,615 | 7,350 | 8,965 | 1.46 | |
| 2004 | 28,155 | 16,235 | 11,920 | - | 5,841 | 5,841 | 2.04 | |
| 2003 | 47,715 | 24,844 | 22,871 | 5,720 | 9,169 | 14,889 | 1.54 | |

¹ Operating and non-operating revenue less Passenger Facility Charge (PFC) Revenue which is restricted for PFC funded projects.

Continued

Continued

CITY OF TULSA
REVENUE BOND COVERAGES
Last Ten Years
(amounts expressed in thousands)

Tulsa Metropolitan Utility Authority - Water Fund

| Year | Gross ¹ Revenue | Direct ² Operating Expenses | Debt Service Requirements | | | | Actual ³ Coverage | Coverage ⁴ Using Maximum Principal & Interest | |
|------|-------------------------------|--|----------------------------------|----------|-----------|-----------|---------------------------------|---|-------|
| | | | Net Revenue | | Principal | Interest | | | Total |
| | | | Available For Debt Service | | | | | | |
| 2012 | \$ 99,563 | \$ 62,444 | \$ 37,119 | \$ 6,427 | \$ 6,662 | \$ 13,089 | 2.84 | 2.38 | |
| 2011 | 88,886 | 56,261 | 32,625 | 6,843 | 6,002 | 12,845 | 2.54 | 2.16 | |
| 2010 | 76,986 | 54,281 | 22,705 | 6,881 | 5,741 | 12,622 | 1.80 | 1.74 | |
| 2009 | 79,367 | 60,088 | 19,279 | 6,175 | 4,918 | 11,093 | 1.74 | 1.48 | |
| 2008 | 77,813 | 56,099 | 21,714 | 6,070 | 5,423 | 11,493 | 1.89 | N/A | |
| 2007 | 78,503 | 51,393 | 27,110 | 5,455 | 5,205 | 10,660 | 2.54 | N/A | |
| 2006 | 77,229 | 49,484 | 27,745 | 2,340 | 5,211 | 7,551 | 3.67 | N/A | |
| 2005 | 68,964 | 45,383 | 23,581 | 7,665 | 5,008 | 12,673 | 1.86 | N/A | |
| 2004 | 66,882 | 43,678 | 23,204 | 5,915 | 5,089 | 11,004 | 2.11 | N/A | |
| 2003 | 74,066 | 43,103 | 30,963 | 4,005 | 5,610 | 9,615 | 3.22 | N/A | |

Tulsa Metropolitan Utility Authority - Sewer Fund

| Year | Gross ¹ Revenue | Direct ² Operating Expenses | Debt Service Requirements | | | | Actual ³ Coverage | Coverage ⁴ Using Maximum Principal & Interest | |
|------|-------------------------------|--|----------------------------------|----------|-----------|-----------|---------------------------------|---|-------|
| | | | Net Revenue | | Principal | Interest | | | Total |
| | | | Available For Debt Service | | | | | | |
| 2012 | \$ 67,901 | \$ 47,856 | \$ 20,045 | \$ 8,038 | \$ 5,630 | \$ 13,668 | 1.47 | 1.23 | |
| 2011 | 63,789 | 41,188 | 22,601 | 6,563 | 4,686 | 11,249 | 2.01 | 1.48 | |
| 2010 | 56,012 | 37,410 | 18,602 | 5,984 | 3,646 | 9,630 | 1.93 | 1.42 | |
| 2009 | 53,184 | 43,634 | 9,550 | 5,423 | 3,499 | 8,922 | 1.07 | 1.31 | |
| 2008 | 55,518 | 37,076 | 18,442 | 4,697 | 3,343 | 8,040 | 2.29 | N/A | |
| 2007 | 53,116 | 35,114 | 18,002 | 2,736 | 1,930 | 4,666 | 3.86 | N/A | |
| 2006 | 49,738 | 32,889 | 16,849 | 4,711 | 3,252 | 7,963 | 2.12 | N/A | |
| 2005 | 41,851 | 32,271 | 9,580 | 4,059 | 2,203 | 6,262 | 1.53 | N/A | |
| 2004 | 37,951 | 27,870 | 10,081 | 3,187 | 1,714 | 4,901 | 2.06 | N/A | |
| 2003 | 37,913 | 26,985 | 10,928 | 2,706 | 1,545 | 4,251 | 2.57 | N/A | |

¹ Operating revenue and investment income less revenue restricted for general obligation bonds.

² Excludes transfers to General Fund per debt agreements.

³ Debt coverage based on actual debt service.

⁴ Debt coverage using maximum principal and interest per debt agreements.

**CITY OF TULSA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND PREVIOUS YEAR**

| Employer | 2012 | | | 2011 | | |
|--|---------------|------|------------------------------------|---------------|------|------------------------------------|
| | Employees | Rank | Percentage of Total MSA Employment | Employees | Rank | Percentage of Total MSA Employment |
| American Airlines, Inc. | 7,000 | 1 | 1.69% | 7,500 | 3 | 1.85% |
| Tulsa Public Schools | 6,500 | 2 | 1.57% | 7,500 | 2 | 1.85% |
| St. Johns Medical Center Inc. | 6,000 | 3 | 1.45% | 6,500 | 4 | 1.60% |
| Saint Francis Hospital Inc. | 5,000 | 4 | 1.33% | 6,500 | 5 | 1.60% |
| City Of Tulsa | 4,000 | 5 | 0.97% | 5,500 | 6 | 1.36% |
| Spirit Aerosystems Inc. | 3,000 | 6 | 0.72% | 2,000 | 12 | 0.49% |
| Caprock Pipeline Company | 3,000 | 7 | 0.72% | NA | NA | NA |
| AHS Hillcrest Medical Center | 2,500 | 8 | 0.60% | 5,500 | 7 | 1.36% |
| Baker Hughes Oilfield Operations | 2,500 | 9 | 0.60% | 1,500 | 21 | 0.37% |
| Bank Of Oklahoma | 2,500 | 10 | 0.60% | 3,500 | 10 | 0.86% |
| Broken Arrow Public Schools | 2,500 | 11 | 0.60% | 3,500 | 11 | 0.86% |
| Mid-Western Aircraft Systems Inc. | 2,500 | 12 | 0.60% | NA | NA | NA |
| ONEOK Services Company | 2,500 | 13 | 0.60% | 1,500 | 24 | 0.37% |
| Tulsa Community College | 2,500 | 14 | 0.60% | 2,000 | 15 | 0.49% |
| Tulsa County Office | 2,500 | 15 | 0.60% | 2,000 | 13 | 0.49% |
| Union Public Schools | 2,500 | 16 | 0.60% | 2,000 | 14 | 0.49% |
| Cherokee Nation | 2,000 | 17 | 0.48% | NA | NA | NA |
| Matrix Service Inc. | 2,000 | 18 | 0.48% | NA | NA | NA |
| Jenks Public Schools | 2,000 | 19 | 0.48% | 1,500 | 18 | 0.37% |
| Muscogee Creek Nation | 2,000 | 20 | 0.48% | 1,500 | 31 | 0.37% |
| Nordam Group Inc. | 2,000 | 21 | 0.48% | 1,500 | 22 | 0.37% |
| QuikTrip Corp. | 2,000 | 22 | 0.48% | 1,500 | 17 | 0.37% |
| Williams WPC Inc. | 2,000 | 23 | 0.48% | 1,500 | 18 | 0.37% |
| Blue Cross and Blue Shield of Ok | 1,500 | 24 | 0.36% | 1,000 | 37 | 0.25% |
| Dollar Thrifty Automotive Group, Inc. | 1,500 | 25 | 0.36% | NA | NA | NA |
| DirecTV Customer Services Inc. | 1,500 | 26 | 0.36% | 1,500 | 20 | 0.37% |
| Owasso Independent School District | 1,500 | 27 | 0.36% | 1,500 | 25 | 0.37% |
| University Of Tulsa | 1,500 | 28 | 0.36% | 1,500 | 28 | 0.37% |
| AAON Inc. | 1,200 | 29 | 0.29% | 1,500 | 33 | 0.37% |
| Melton Truck Lines Inc. | 1,200 | 30 | 0.29% | NA | NA | NA |
| Oklahoma State University Medical | 1,200 | 31 | 0.29% | 1,500 | 27 | 0.37% |
| Public Service Co. Of Oklahoma | 1,200 | 32 | 0.29% | 1,500 | 29 | 0.37% |
| IC of Oklahoma, LLC (Bus Manufacturer) | 1,200 | 33 | 0.29% | 1,000 | 34 | 0.25% |
| Warren Clinic Inc. | 1,200 | 34 | 0.29% | NA | NA | NA |
| | <u>86,200</u> | | <u>20.81%</u> | <u>75,500</u> | | <u>18.61%</u> |

Data Notes:
Source: Tulsa Metropolitan Chamber of Commerce
Chamber Sources: Direct Contact with Companies, D&B Million Dollar Database; Global Reach; ReferenceUSA & Tulsa World articles.
Employer headcount survey includes regular full-time and part-time employees.
Total employment for all locations of the company in the Tulsa MSA area.

CITY OF TULSA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Years

(amounts expressed in thousands)

| Year | Population | MSA Current Personal Income (in millions) | MSA Per Capita Personal Income | Median Age | Percent of High School Graduates | Unemployment Rate |
|------|------------|---|--------------------------------|------------|----------------------------------|-------------------|
| 2012 | 396,466 | \$ 40,648 | \$ 44,716 | 34.6 | 87.5% | 6.1% |
| 2011 | 392,000 | 38,347 | 40,904 | 34.7 | 84.3% | 6.0% |
| 2010 | 390,000 | 36,642 | 39,442 | 37.3 | N/A | 7.5% |
| 2009 | 387,000 | 37,540 | 40,981 | 37.1 | N/A | 6.5% |
| 2008 | 386,000 | 35,796 | 39,524 | 36.9 | 89.7% | 6.8% |
| 2007 | 384,000 | 34,392 | 38,529 | 36.6 | N/A | 4.0% |
| 2006 | 382,000 | 30,734 | 34,860 | 36.4 | N/A | 4.0% |
| 2005 | 381,000 | 28,614 | 32,621 | 36.2 | N/A | 4.6% |
| 2004 | 382,000 | 26,536 | 30,260 | 36.0 | 85.1% | 5.6% |
| 2003 | 387,000 | 26,297 | 30,061 | 35.7 | 87.0% | 5.7% |

Sources: Population - U.S. Department of Commerce, Bureau of the Census.
Total Personal Income Current Dollars - U.S. Bureau of Economic Analysis (BEA)
Per Capita Personal Income - U.S. Bureau of Economic Analysis
Median age - calculated by extrapolating reported 2000 Census number and 2011 projection
Percent of High School Graduates - American Community Survey Ranking Tables 2000-2004
Bureau of the Census
Unemployment Rate - Oklahoma Employment Security Commission

CITY OF TULSA
Number of City Employees
Last Ten Years

| Departments | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Public Works | n/a | 1,245 | 1,441 | 1,453 | 1,445 | 1,426 | 1,608 | 1,609 | 1,471 | 1,507 |
| Engineering Services | 153 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Streets and Stormwater | 434 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Water and Sewer | 657 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Police | 879 | 874 | 888 | 897 | 898 | 892 | 936 | 926 | 919 | 939 |
| 911 Public Safety Communications | 97 | 97 | 108 | 109 | 109 | 109 | 114 | 114 | 117 | 123 |
| Fire | 699 | 698 | 708 | 714 | 714 | 713 | 721 | 719 | 718 | 730 |
| Information Technology | 149 | 249 | 270 | 278 | 277 | 273 | 193 | 193 | 194 | 215 |
| Park & Recreation | 110 | 180 | 270 | 273 | 274 | 274 | 384 | 384 | 400 | 514 |
| Airports | 157 | 157 | 158 | 172 | 171 | 169 | 174 | 173 | 162 | 163 |
| Urban Development | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 127 | 127 |
| Finance | 158 | 153 | 89 | 84 | 84 | 78 | 76 | 76 | 77 | 86 |
| Planning and Economic Development | 121 | 118 | 91 | 93 | 93 | 84 | n/a | n/a | n/a | n/a |
| Equipment Management | 79 | 79 | 79 | 83 | 83 | 83 | 83 | 83 | 90 | 93 |
| Working in Neighborhoods | 75 | 72 | 87 | 91 | 86 | 83 | n/a | n/a | n/a | n/a |
| Municipal Courts | 51 | 50 | 53 | 58 | 58 | 58 | 63 | 62 | 62 | 65 |
| All Other ⁽¹⁾ | 206 | 103 | 119 | 133 | 145 | 177 | 142 | 136 | 132 | 139 |
| | <u>4,025</u> | <u>4,075</u> | <u>4,361</u> | <u>4,438</u> | <u>4,437</u> | <u>4,419</u> | <u>4,494</u> | <u>4,475</u> | <u>4,469</u> | <u>4,701</u> |

⁽¹⁾ Other departments include: Elected Officials Offices, Legal, Human Resources and other departments with less than fifty positions.

CITY OF TULSA
OPERATING INDICATORS BY FUNCTION / PROGRAM
Last Two Years

| Function/Program | 2012 | 2011 |
|--|-------------|-------------|
| Administrative and Support Services | | |
| Elected Officials | | |
| 1 Percent of acceptance rate for recommendations. | 85% | 85% |
| 2 Percent of implementation rate for recommendations. | 85% | 87% |
| 3 Quality ranking on a 1-4 scale. | 3.5 | 3.65 |
| Human Rights Department | | |
| 1 Percent of citizen requests responded to within 5 business days. | 95% | New Measure |
| 2 Number of DBE and M/FBE certifications per year. | 170 | New Measure |
| 3 Percent of working relationships with HUD grants sub-recipients. | 50% | New Measure |
| Legal Department | | |
| 1 Percent of reviews for prosecutions completed within two working days. | 100% | 100% |
| 2 Percent of contracts completed within ten business days. | 90% | 91% |
| Human Resources Department | | |
| 1 Percent of internal non-sworn vacancies filled within 45 days of closing date. | 92% | New Measure |
| 2 Percent of external non-sworn vacancies filled within 45 days of closing date. | 86% | New Measure |
| 3 Percent of reported injury claims closed within 90 days of submission. | 77% | New Measure |
| Finance Department | | |
| 1 Basis points over the treasury bill rate. | 139 | 158 |
| 2 City's bond rating. | AA | AA |
| 3 General Fund emergency operating reserve. | 6% | 6% |
| 4 Collection rate percent of revenue billed for Utilities Services. | 99.30% | 99.29% |
| Information Technology | | |
| 1 Annual and monthly customer service rating (1-5). | 4 | New Measure |
| 2 Percent of IT service tickets over 30 days old. | 1% | New Measure |
| 3 Percent completion of phase 1 of time and attendance system by 12/31/12. | N/A | N/A |
| 4 Percent completion of phase 1 of TriTech 911 CAD system by October, 2012. | N/A | N/A |
| Customer Care | | |
| 1 Average number of seconds to answer Mayor's Action Center calls. | 44 seconds | 70 seconds |
| 2 Average call abandonment percent for Mayor's Action Center calls. | 12% | 12% |
| 3 Average number of seconds to answer utilities customer service calls. | 50 seconds | 70 seconds |
| 4 Average call abandonment percent for utilities customer service calls. | 12% | 16% |
| 5 Satisfactory level % for annual utilities customer service survey. | New Measure | New Measure |
| Equipment Management Department | | |
| 1 Percent of core services meeting industry standards. | 86% | 86% |
| 2 Percent of designated availability. | 95% | 94% |
| 1. Meet or exceed industry standards for designated fleet availability | | 93% |

Source: [City of Tulsa](#)

Notes:

The City changed its operating indicators in 2011, therefore prior year information is not available.

CITY OF TULSA
OPERATING INDICATORS BY FUNCTION / PROGRAM
Last Two Years

| Function/Program | 2012 | 2011 |
|--|---------------|----------------|
| Continued | | |
| Public Safety & Protection | | |
| Municipal Court | | |
| 1 Number of online payment transactions per month. | 903 | 722 |
| 2 Percent of compliance with court-ordered probation sentences. | 66.40% | 64.80% |
| Police | | |
| 1 Percent reduction in Part One crimes over previous year. | 3% decrease | 4.53% increase |
| 2 Percent reduction in fatality/high injury collisions over previous year. | 5% decrease | 8.8% decrease |
| 3 Percent increase of calls responded to in three minutes or less. | 4.5% increase | 8.53% increase |
| Fire | | |
| 1 Percent of arrival on scene from receipt of call within six minutes | New Measure | New Measure |
| 2 Percent of reduction of firefighter injuries from previous year. | New Measure | New Measure |
| 3 Percent of cardiac arrest victims that have been returned to spontaneous circulation (ROSC) | New Measure | New Measure |
| 911 Public Safety Communications | | |
| 1 Percent of calls answered within 20 seconds. | New Measure | New Measure |
| 2 Percent reduction in employee turnover rate. | 30% | New Measure |
| 3 Percent reduction in vacancy rate. | 16% | New Measure |
| 4 Percent of CALEA accreditation process completed. | New Measure | New Measure |
| TAEMA | | |
| 1 Number of weekly warning siren tests conducted per year. | 52 | New Measure |
| 2 Number of weekly OK department of Emergency Management radio tests participated in per year. | 104 | New Measure |
| 3 Number of quarterly Medical Emergency Response Center radio tests conducted per year. | 4 | New Measure |
| Culture and Recreation | | |
| Parks | | |
| 1 Number of Master Plan Citizen Advisory meetings per year. | 4 | New Measure |
| 2 Percent of data mapped and entered into the PRORAGIS system by 6/30/13. | New Measure | New Measure |
| 3 Number of meetings with citizen groups per year. | New Measure | New Measure |
| 1. 95% of surveys returned with satisfactory or better rating | | |
| Gilcrease Museum | | |
| 1 Number of school-aged children receiving services per year. | 21,000 | 19,197 |
| 2 Number of visitors attracted annually. | 85,000 | 71,950 |
| Performing Arts Center | | |
| 1 Number of performances per year. | 450 | 524 |
| 2 Dollar amount of gross ticket sales. | \$4 million | \$7 million |
| BOK Arena and Convention Center | | |
| 1 Number of paid attendance to event centers per year. | 780,000 | 871,939 |
| 2 Gross ticket sales per year | \$20,000,000 | \$20,973,628 |
| 3 Number of attended events scheduled and serviced annually. | 479 | 628 |
| Social & Economic Development | | |
| Economic Development Commission | | |
| 1 Number of visitor inquiries. | 144,038 | New Measure |
| 2 Number of event planner inquiries. | 600 | New Measure |
| 3 Number of trade shows attended. | 14 | New Measure |
| 4 Percent increase in future hotel room nights over current year. | 10% | New Measure |

Source: [City of Tulsa](#)

Notes:

The City changed its operating indicators in 2011, therefore prior year information is not available.

CITY OF TULSA
OPERATING INDICATORS BY FUNCTION / PROGRAM
Last Two Years

| Function/Program | 2012 | 2011 |
|---|------------------------|-------------|
| Continued | | |
| Social & Economic Development, continued | | |
| Working In Neighborhoods | | |
| 1 Average number of demolitions and housing rehabilitations per month. | 15 rehabs, 45 demos | New Measure |
| 2 Number of neighborhoods that have undergone a mapping process per year. | 4 | 3 |
| 3 Average number of voluntary compliance of code violations per month. | 900 | New Measure |
| 4 Percent reduction of animals euthanized at TAW. | 5% | New Measure |
| Planning and Economic Development | | |
| 1 Number of small area plans created or updated by 6/30/13. | 0 | New Measure |
| 2 Average number of working days for plans review. | 10 | New Measure |
| 3 Average number of calendar days to issue permits for commercial projects under \$1 million. | 30 | New Measure |
| 4 Number of new project opportunities identified for economic development per year. | 12 | 12 |
| Public Works & Transportation | | |
| Airports | | |
| 1 Days of unrestricted cash retained for liquidity. | 260 | 272 |
| 2 Operating cost per passenger. | \$15 | \$15 |
| 3 Number of additional acres leased or developed per year. | 2 | 0 |
| Public Works - Engineering Services | | |
| 1 Percent of capital projects designed, right-of-way easements acquired and utilities relocated within scheduled time frames. | 84% | 79% |
| 2 Percent of capital projects constructed within scheduled time frames. | 97% | 95% |
| 3 Percent of capital projects completed within appropriated budgets. | 100% | 100% |
| 4 Change order percent for capital projects (State statute: Projects valued at: a) \$1,000,000 or less: 15% maximum; b) Above \$1,000,000: 10% maximum. | 2.12% | 1.98% |
| 5 Percent of bid advertisements posted and updated in all locations. | 100% | 100% |
| Public Works - Streets and Stormwater | | |
| 1 Average number of hours it takes to respond to emergency street repair requests. | 42 minutes | 1 hour |
| 2 Percent of compliance with City grass height ordinance. | 100% | 100% |
| 3 Percent reduction in travel time in modified and updated traffic signal areas. | New Measure | New Measure |
| 4 Average number of hours it takes to respond to stormwater emergencies. | 1 hour | New Measure |
| 5 Percent of verified missed collections of refuse and recycling services. | 0.041% | 0.042% |
| Public Works - Water and Sewer | | |
| 1 Percent of customer service demand for treated water. | 100% | New Measure |
| 2 Average number of instances of noncompliance with OPDES for all wastewater treatment plants per quarter. | 0.83 | New Measure |
| 3 Average number hours for water off per customer during emergency repairs. | 4.81 | New Measure |
| 4 Percent of on-site responses to sanitary sewer stoppage and overflow calls within two hours. | 95% | New Measure |
| Tulsa Transit | | |
| 1 Number of fixed route complaints per 10k boardings | 3.32 | 3.82 |
| 2 Number of lift program complaints per 10k boardings. | 21.27 | 23.68 |
| 3 Number of fixed route passengers per hour. | 17.52 | 16.02 |
| 4 Number of lift program passengers per hour. | 2.09 | 1.95 |

Source: [City of Tulsa](#)

Notes:

The City changed its operating indicators in 2011, therefore prior year information is not available.

CITY OF TULSA
CAPITAL ASSETS - STATISTICS BY FUNCTION
June 30, 2012

Functions

Public Works & Transportation

| | |
|----------------------|---------|
| Streets - lane miles | 4,397 |
| Water mains - miles | 2,275 |
| Fire hydrants | 16,400 |
| Meters in service | 141,389 |
| Sewer mains - miles | 1,897 |

Public Safety & Protection

| | |
|---------------|----|
| Police: | |
| Stations | 3 |
| Fire: | |
| Stations | 30 |
| Ladder Trucks | 13 |
| Pumper Trucks | 39 |

Cultural Development & Recreation

| | |
|--------------------|-----|
| Parks: | |
| Parks | 141 |
| Zoo | 1 |
| Golf courses | 4 |
| Recreation Centers | 9 |
| Swimming Pools | 5 |
| Public Events: | |
| Venues | 3 |

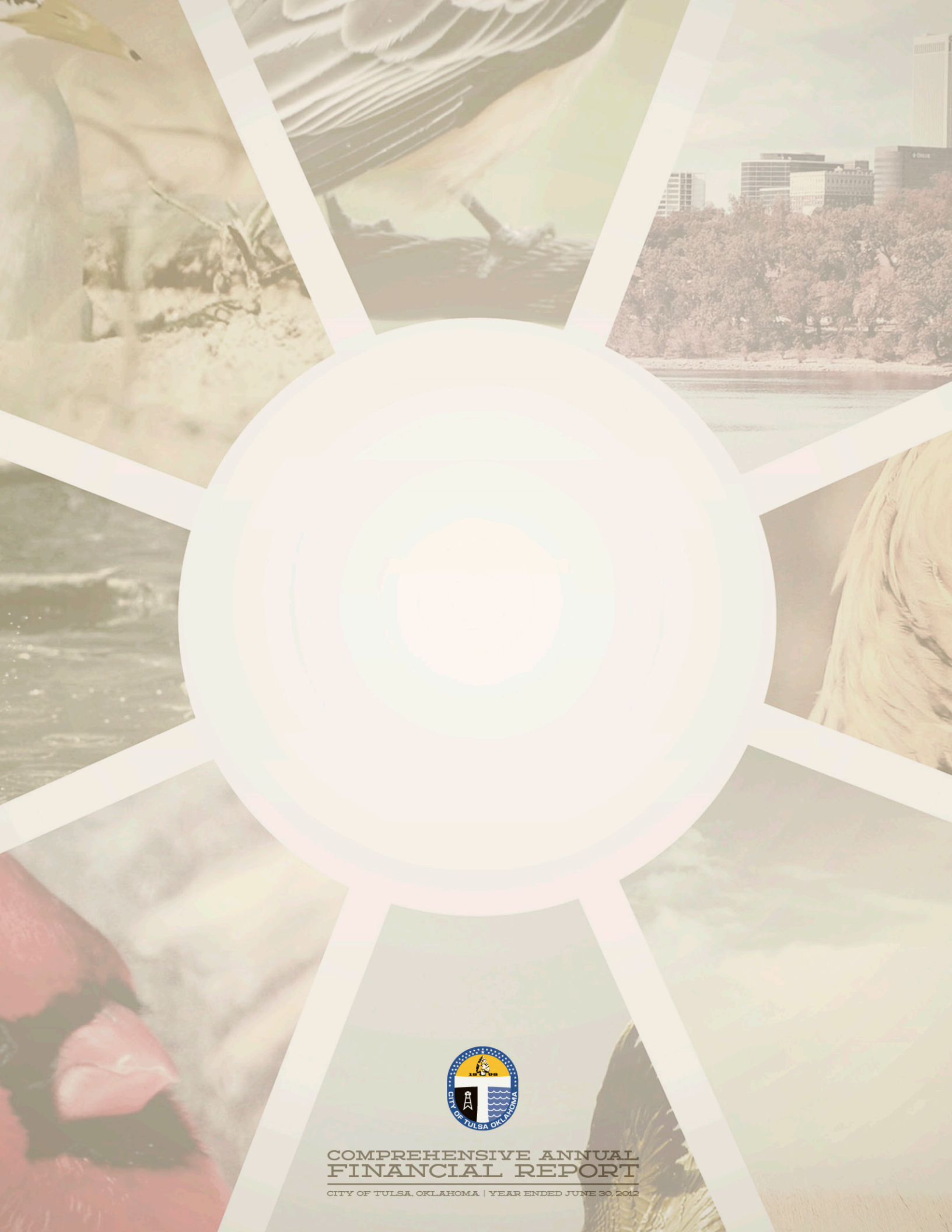
CITY OF TULSA
TULSA METROPOLITAN UTILITY AUTHORITY
WATER AND SEWER RATES
Last Ten Years
 (Residential - Inside City Limits)

| Year | Water | | Sewer | |
|------|-------------------|------------------------|-------------------|------------------------|
| | Monthly Base Rate | Rate per 1,000 Gallons | Monthly Base Rate | Rate per 1,000 Gallons |
| 2012 | \$ 4.50 | \$ 2.75 | \$ 4.50 | \$ 4.27 |
| 2011 | 4.50 | 2.53 | 4.50 | 3.92 |
| 2010 | 4.20 | 2.37 | 4.50 | 3.56 |
| 2009 | 4.08 | 2.31 | 4.08 | 3.23 |
| 2008 | 4.00 | 2.17 | 4.08 | 3.05 |
| 2007 | 4.00 | 2.17 | 4.04 | 2.87 |
| 2006 | 3.85 | 1.98 | 4.04 | 2.61 |
| 2005 | 3.85 | 1.98 | 4.04 | 2.61 |
| 2004 | 3.85 | 1.98 | 4.04 | 2.61 |
| 2003 | 3.85 | 1.98 | 4.04 | 2.35 |

APPENDIX OF ABBREVIATIONS

(Occasionally used throughout this report)

| | |
|--------------|--|
| City | ..City of Tulsa, Oklahoma |
| E-911 | ..Enhanced 911 emergency telephone number system (Police, Fire and Ambulance services) |
| EMSA | ..Emergency Medical Services Authority |
| EPA | ..U.S. Environmental Protection Agency |
| FY | ..Fiscal year (July 1 through June 30) |
| GAAP | ..Generally Accepted Accounting Principles |
| GASB | ..Governmental Accounting Standards Board |
| GFOA | ..The Government Finance Officers Association of the U.S. and Canada |
| GO | ..General Obligation (bonds) |
| MERP | ..Municipal Employees' Retirement Plan |
| MSA | ..Metropolitan Statistical Area (of Tulsa) |
| MTTA | ..Metropolitan Tulsa Transit Authority |
| PAC | ..Performing Arts Center (of Tulsa) |
| PERS | ..Public Employees' Retirement System |
| PFPI | ..Privately Financed Public Improvement |
| RMUA | ..Regional Metropolitan Utility Authority |
| RPA | ..River Parks Authority |
| TAIT | ..Tulsa Airports Improvement Trust |
| TARE | ..Tulsa Authority for Recovery of Energy |
| TDA | ..Tulsa Development Authority |
| TIA | ..Tulsa Industrial Authority |
| TMUA | ..Tulsa Metropolitan Utility Authority |
| TPA | ..Tulsa Parking Authority |
| TPACT | ..Tulsa Performing Arts Center Trust |
| TPFA | ..Tulsa Public Facilities Authority |
| TST | ..Tulsa Stadium Trust |



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF TULSA, OKLAHOMA | YEAR ENDED JUNE 30, 2012