

Metropolitan Tulsa Transit Authority
A Component Unit of the City of Tulsa, Oklahoma

Financial Report
June 30, 2014 and 2013

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Independent Auditor's Report

To the Board of Trustees
Metropolitan Tulsa Transit Authority
Tulsa, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the Metropolitan Tulsa Transit Authority (the Authority), a discretely presented component unit of the City of Tulsa, Oklahoma, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2014 and 2013, and the respective changes in its financial position and cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 8, and the schedule of funding progress on page 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, schedule of operating expenses, excluding depreciation and schedule of project costs, listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards, schedule of operating expenses, excluding depreciation and schedule of project costs, listed in the table of contents as supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, schedule of operating expenses, excluding depreciation and schedule of project costs are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports for the years ended June 30, 2014 and 2013 dated October 28, 2014 and November 14, 2013, respectively, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

McGladrey LLP

Kansas City, Missouri
October 28, 2014

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

**Management's Discussion and Analysis
Year Ended June 30, 2014**

As management of the Metropolitan Tulsa Transit Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended June 30, 2014 and 2013. The Authority is a component unit of the City of Tulsa, Oklahoma. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 8. All amounts are expressed in thousands of dollars.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by approximately \$24,813 (net position). For fiscal year 2013, assets exceeded liabilities by \$25,900.
- During fiscal year 2014, the Authority's total net position decreased by approximately \$1,087. For fiscal year 2013, the Authority's total net position increased by \$320.
- The Authority's total liabilities increased by approximately \$398 during fiscal year 2014.
- For the year ended June 30, 2014, net capital assets decreased by approximately \$1,047. For the year ended June 30, 2013, net capital assets decreased by approximately \$22.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements include: 1) statement of net position, 2) statement of revenues, expenses and changes in net position, 3) statement of cash flows and 4) notes to basic financial statements. This report also contains other supplementary information to demonstrate compliance with finance-related activities.

Required Financial Statements

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

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

**Management's Discussion and Analysis
Year Ended June 30, 2014**

Net Position

The Authority's net position decreased approximately \$1,087 for fiscal year ended June 30, 2014. The decrease is primarily due to depreciation of assets exceeding capital outlay. The Authority's net position increased approximately \$320 for the fiscal year ended June 30, 2013. The increase is primarily due to additional federal capital revenues.

Net Position
(in thousands of dollars)

	2014	2013	2012
Assets:			
Current and other assets	\$ 3,793	\$ 3,435	\$ 2,986
Capital assets, net	24,707	25,754	25,776
Total assets	\$ 28,500	\$ 29,189	\$ 28,762
Liabilities:			
Current and other liabilities	\$ 1,691	\$ 1,508	\$ 1,648
Long-term liabilities	1,996	1,781	1,534
Total liabilities	3,687	3,289	3,182
Net position:			
Investment in capital assets	24,707	25,754	25,776
Restricted for other purposes	1,027	747	592
Unrestricted (deficit)	(921)	(601)	(788)
Total net position	\$ 24,813	\$ 25,900	\$ 25,580

Change in Net Position

For the year ended June 30, 2014, the Authority's total operating revenues increased approximately \$124 and operating expenses increased \$82. The key factor for the increase in operating revenues was attributable to a 5 percent increase in fixed route ridership. The increase in operating expenses was primarily driven by a year-end self-insurance accrual of \$125.

For the year ended June 30, 2013, the Authority's total operating revenues increased approximately \$61 and operating expenses increased \$704. The key factor for the increase in operating revenues was attributable to a 7 percent increase in fixed route ridership. With regard to operating expenses, Labor and Fringe increased 7 percent, which was due to fixed route service increases and year-end accruals for the Authority's Net Pension Obligation and Other Post Employment Benefits.

**Metropolitan Tulsa Transit Authority
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**Management's Discussion and Analysis
Year Ended June 30, 2014**

Changes in Net Position
(in thousands of dollars)

	2014	2013	2012
Operating revenues	\$ 3,474	\$ 3,350	\$ 3,289
Nonoperating and capital revenues	17,284	18,722	25,337
Total revenues	20,758	22,072	28,626
Operating expenses	21,834	21,752	21,048
Nonoperating expenses	11	-	-
Total expenses	21,845	21,752	21,048
Increase (decrease) in net position	\$ (1,087)	\$ 320	\$ 7,578

Capital Assets

The Authority's investment in capital assets as of June 30, 2014 amounts to approximately \$24,707 (net of accumulated depreciation). This investment in capital assets includes revenue and service equipment, land, buildings and other equipment. Although the Authority made additional investments in capital assets, primarily passenger shelters and service equipment, investments trailed prior year resulting in a \$1,047 decrease in net assets.

Net Capital Assets
(in thousands of dollars)

	2014	2013	2012
Revenue equipment	\$ 28,318	\$ 28,399	\$ 26,739
Service equipment	416	364	441
Passenger shelters	1,766	1,757	-
Security equipment	1,127	1,270	882
Buildings	12,013	12,006	13,336
Shop and garage equipment	2,412	2,305	2,192
Other equipment	3,075	3,225	3,253
Furniture and fixtures	917	915	869
Construction in progress	39	227	36
Land	2,634	2,634	2,634
	52,717	53,102	50,382
Less accumulated depreciation	(28,010)	(27,348)	(24,606)
Net capital assets	\$ 24,707	\$ 25,753	\$ 25,776

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

**Management's Discussion and Analysis
Year Ended June 30, 2014**

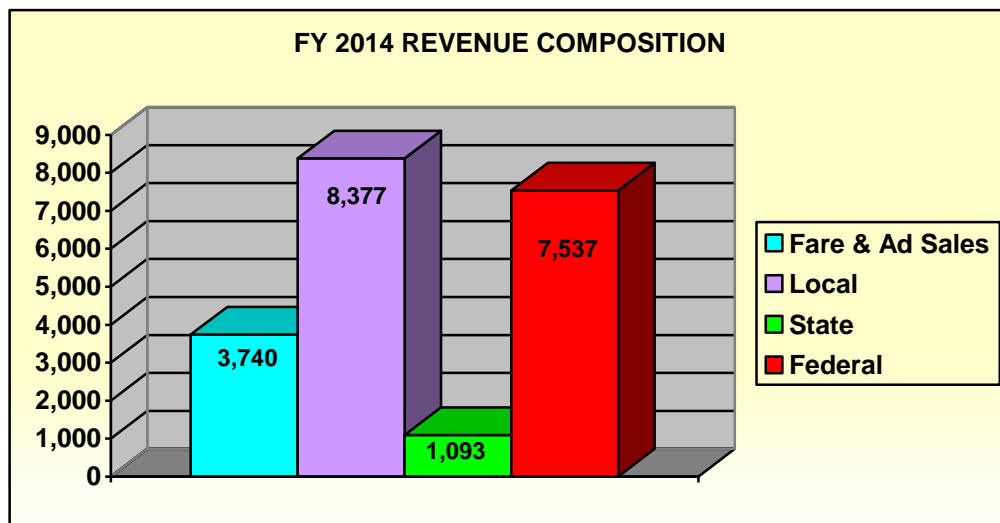
Economic Factors:

The Authority provides public transportation programs to residents in Tulsa, Broken Arrow, Jenks and Sand Springs. These services include fixed route bus service, ADA paratransit services for the disabled, commuter bus services, evening deviated fixed-route services, and special event service. To coordinate these services and provide information to the public, the Authority operates a customer call center, which processes nearly 746,000 inquiries annually. ADA paratransit services are provided by a 3rd party, MV Transportation, and are referred to as Lift Program services.

The 2015 total operating budget of \$18,094 is consistent with 2014; however, the City of Tulsa's annual apportionment to the Authority was decreased by 5 percent to \$7,448 from \$7,855 in 2014. To absorb this decrease, the Authority will be adjusting service and implementing a 17 percent fare increase for both fixed route and paratransit services. Although we have seen our ridership grow 24 percent in the last five years, with these changes, we are projecting a modest decrease in ridership for 2015.

With a few exceptions, the Authority is forecasting operating expenses to remain flat; however, recent decreases in lift ridership and a 6 percent price increase for electrical utilities will result in decreased purchased transportation expense and increased utilities expense for FY 2015. Both of these developments came after the 2015 budget process was completed. Other economic factors such as oil prices, natural gas prices, economic growth (or compression), and governmental funding can impact operational expense and revenues.

In addition to fare and advertising revenues, the Authority is subsidized by Local, Federal, and State revenues. An annual apportionment is provided by the City of Tulsa and by the State of Oklahoma Transit Revolving Fund. Federal subsidies are awarded through various Federal Transportation Administration (FTA) grant agreements. FTA grant agreements are the most restricted as they can only be used for a specific operating or capital purpose. Although FTA funds for operating purposes have not fluctuated a great deal from year to year, the FTA has restructured how funds for capital projects are now being awarded. Capital funds that were once discretionary are now formula driven with the end result being less capital funding to the Authority. To adjust for this development, the City of Tulsa approved a \$29.7 million Capital Improvement Plan that will fund a Bus Rapid Transit System and replenish fully depreciated rolling stock. Total revenues for 2014 were \$20,747. The following chart details the Authorities revenue composition for 2014 (in thousands):



**Metropolitan Tulsa Transit Authority
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**Management's Discussion and Analysis
Year Ended June 30, 2014**

One of the biggest challenges the Authority faces is the recruiting, hiring, and retention of employees, especially in the area of Bus Drivers. For FY 2014, the turnover rate for bus drivers was 37 percent. The lack of experienced bus drivers is beginning to have an adverse impact on different phases of the Authority's operations. This is best demonstrated in the Authority's accident and on-time performance. The table below details 2014 accident and on-time performance results and other metrics the Authority utilizes to measure the efficiency, quality, and safety of the transit system.

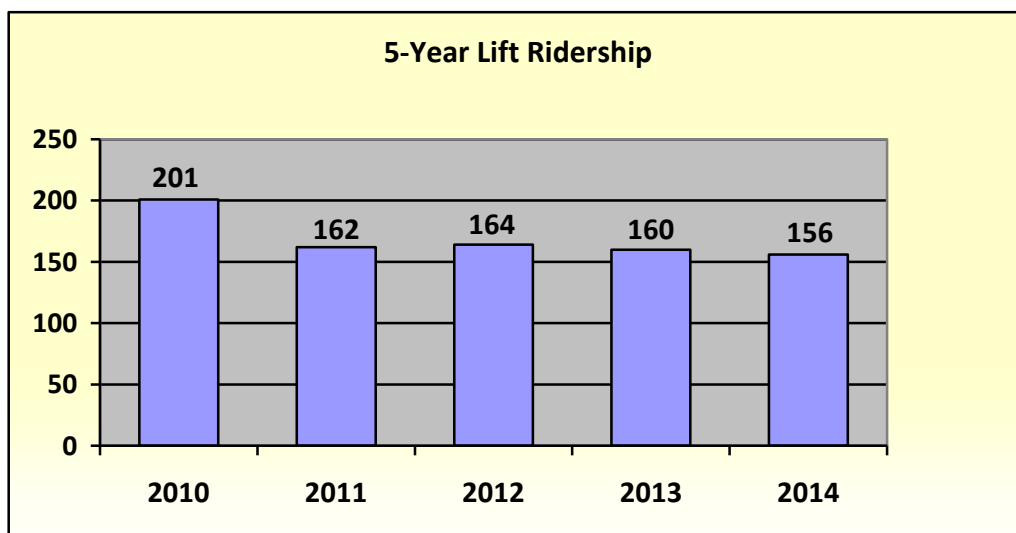
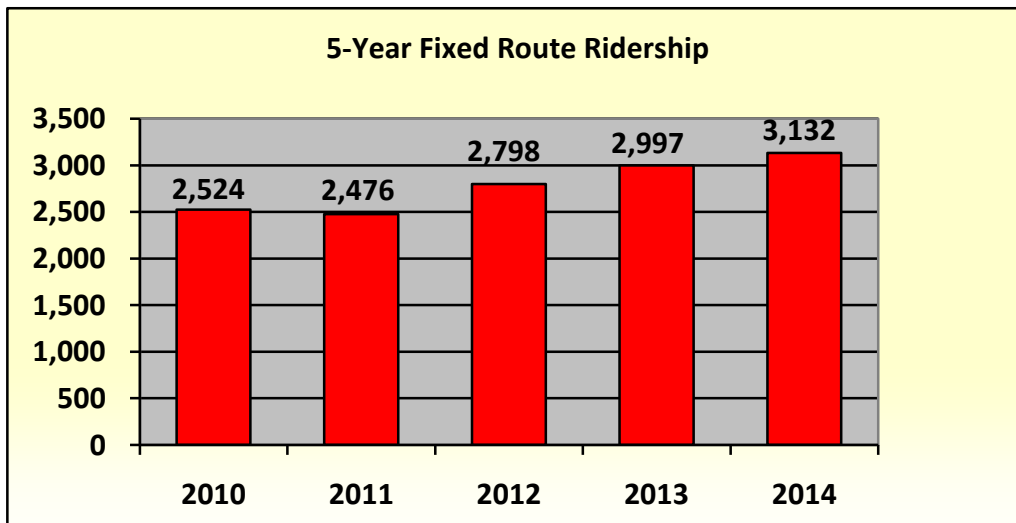
Goal 1. Operate a Safe Transit System						
Accidents (Per 100K Miles)	FY14	FY13	% Change	Target		
Fixed Route	2.47	1.01	145%	1.00	✓	
Lift	2.51	2.38	5%	1.50	✓	
Goal 2. Meet and Exceed Customer Expectations						
Complaints (Per 10K Boardings)	FY14	FY13	% Change	Target		
Fixed Route	3.32	2.67	24%	4.00	●	
Lift Program	18.19	21.79	-17%	23.00	●	
*On-Time Performance						
Fixed Route	91%	93%	-2%	95%	✓	
Lift Program	94%	94%	0%	95%	✓	
Goal 3. Maintain a Quality Workforce						
Absences (per Weekday)	FY14	FY13	% Change	Target		
Operators	5.00	6.00	-17%	10.00	●	
total	8.00	9.00	-11%	13.00	●	
Goal 4. Operate an Effective Transit System						
Passengers Per Hour	FY14	FY13	%Change	Target		
Fixed Route	18.06	17.59	3%	17.00	●	
Lift Program	2.06	2.06	0%	2.00	●	
Goal 5. Operate and Efficient Transit System						
Cost Per Service Hours	FY14	FY13	%Change	Target		
Fixed Route	\$76.18	\$77.81	-2%	\$82.14	●	
Lift Program	\$53.93	\$4.42	0%	\$60.00	●	
Cost Per Trip						
Fixed Route	\$4.22	\$4.42	-5%	\$4.65	●	
Lift Program	\$26.15	\$26.13	0%	\$27.00	●	
* A bus is considered late if it is ten-minutes or more late.					Consistent with or better than target Less than target	● ✓

The above metrics are monitored monthly, and if trends are identified, they may be adjusted during the course of the year. Because of the FY 2014 metrics and the changing dynamic of our workforce, our accident targets have been adjusted for FY 2015 with the fixed route target now being 1.5 accidents per 100K miles and the lift target being revised to 2.0 accidents per 100K miles. The on-time performance target of 95 percent is unchanged for FY 2015, as the Authority will continue to strive for the 95 percent target.

**Metropolitan Tulsa Transit Authority
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**Management's Discussion and Analysis
Year Ended June 30, 2014**

Fixed route ridership reached a new milestone for 2014 as ridership eclipsed three million riders. As mentioned previously, ridership has increased 24 percent over the last five years; thus, the demand for public transit is increasing. The Authority has not experienced this amount of ridership since FY 2001, and at that time, the Authority's bus fleet was 20 percent larger. To better illustrate the changes in the Authority's ridership, the following charts show both fixed route and lift ridership over a five-year period (in thousands):



Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all of those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Metropolitan Tulsa Transit Authority, 510 S. Rockford Avenue, Tulsa, Oklahoma 74120.

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Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)

Statements of Net Position
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,392,734	\$ 1,143,248
Restricted cash	122,682	122,131
Total cash and cash equivalents	1,515,416	1,265,379
Accounts receivable:		
Trade	206,912	220,150
Operating and capital grants	416,187	690,350
Inventories	625,609	569,072
Prepaid expenses and other	124,412	65,372
Total current assets	2,888,536	2,810,323
Noncurrent assets, restricted cash	904,697	625,343
Capital assets, at cost:		
Revenue equipment	28,317,432	28,398,872
Service equipment	415,966	364,044
Passenger shelters	1,766,073	1,757,861
Security equipment	1,127,091	1,269,858
Buildings	12,013,229	12,005,868
Shop and garage equipment	2,412,099	2,305,383
Other equipment	3,075,388	3,224,717
Furniture and fixtures	917,341	914,939
Construction in progress	38,371	227,141
Land	2,633,707	2,633,707
	52,716,697	53,102,390
Less accumulated depreciation	28,009,492	27,348,365
	24,707,205	25,754,025
Total assets	\$ 28,500,438	\$ 29,189,691

See Notes to Basic Financial Statements.

	2014	2013
Liabilities		
Current liabilities:		
Accounts payable:		
Trade	\$ 686,776	\$ 687,913
Other	122,996	43,677
Accrued wages payable	258,166	140,078
Accrued compensated absences	77,670	77,499
Accrued insurance claims	474,523	448,499
Accrued pension contributions	71,363	70,976
Line of credit	-	39,244
Total current liabilities	1,691,494	1,507,886
Noncurrent liabilities:		
Advances payable to the City of Tulsa	326,000	326,000
Net pension obligation	689,931	476,455
Other postemployment benefits	382,062	386,431
Accrued compensated absences	597,723	592,745
Total noncurrent liabilities	1,995,716	1,781,631
Total liabilities	3,687,210	3,289,517
Net position:		
Investment in capital assets	24,707,205	25,754,025
Restricted, expendable for capital acquisitions	904,697	625,343
Restricted, expendable for worker's compensation	122,682	122,131
Unrestricted, deficit	(921,356)	(601,325)
Total net position	\$ 24,813,228	\$ 25,900,174

Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenues:		
Passenger	\$ 2,844,411	\$ 2,687,860
Advertising	583,124	605,986
Other	46,728	56,035
Total operating revenues	3,474,263	3,349,881
Operating expenses:		
Labor	6,512,334	6,488,294
Purchased transportation	2,850,685	2,889,667
Materials and supplies consumed	3,214,559	3,239,964
Fringes	3,199,097	3,507,863
Services	862,202	778,610
Insurance	218,407	111,065
Utilities	456,365	410,792
Depreciation	4,093,270	3,921,033
Other	427,509	404,759
Total operating expenses	21,834,428	21,752,047
Operating loss	(18,360,165)	(18,402,166)
Nonoperating revenues (expenses):		
Federal Transit Administration operating grants	5,108,421	5,266,394
State of Oklahoma operating grants	1,092,500	1,092,500
City of Tulsa operating appropriations	7,580,000	7,892,000
Interest	2,640	2,784
Gain (loss) on disposal of capital assets	(10,623)	20,017
Other	274,000	272,737
Nonoperating revenues, net	14,046,938	14,546,432
Deficiency of revenues over expenses before capital contributions and capital grants	(4,313,227)	(3,855,734)
Capital grants, Federal Transit Administration	2,428,922	3,540,861
Capital contributions, City of Tulsa	797,359	635,236
Change in net position	(1,086,946)	320,363
Net position, beginning of year	25,900,174	25,579,811
Net position, end of year	\$ 24,813,228	\$ 25,900,174

See Notes to Basic Financial Statements.

Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)

Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Cash received from customers	\$ 3,487,501	\$ 3,310,543
Cash payments to suppliers for goods and services	(8,226,405)	(7,992,004)
Cash payments to employees	(9,378,700)	(9,737,003)
Net cash (used in) operating activities	(14,117,604)	(14,418,464)
Cash flows from noncapital financing activities:		
Operating grants received from Federal Transit Administration	5,382,584	5,245,826
Operating appropriations received from the City of Tulsa	7,580,000	7,892,000
Operating grants received from the state of Oklahoma	274,000	272,737
Other assistance received	1,092,500	1,092,500
Payments on line of credit	(39,244)	(221,447)
Net cash provided by noncapital financing activities	14,289,840	14,281,616
Cash flows from capital and related financing activities:		
Capital expenditures	(2,891,595)	(3,747,905)
Capital contributions from Federal Transit Administration	2,428,922	3,540,861
Capital contributions from the City of Tulsa	797,359	635,236
Proceeds from sale of capital assets	19,829	20,017
Net cash provided by capital and related financing activities	354,515	448,209
Cash flows provided by investing activities, interest earned	2,640	2,784
Increase in cash and cash equivalents	529,391	314,145
Cash and cash equivalents, beginning of year	1,890,722	1,576,577
Cash and cash equivalents, end of year	\$ 2,420,113	\$ 1,890,722
Reconciliation of operating loss to net cash (used in) operating activities:		
Operating loss	\$ (18,360,165)	\$ (18,402,166)
Depreciation	4,093,270	3,921,033
Changes in operating assets and liabilities:		
Accounts receivable	13,238	(30,338)
Inventories	(56,537)	(88,411)
Prepaid expenses and other	(59,040)	3,949
Accounts payable	(107,125)	(119,432)
Accrued liabilities	353,606	323,193
Payable to employees	5,149	(9,000)
Unearned revenue	-	(17,292)
Net cash (used in) operating activities	\$ (14,117,604)	\$ (14,418,464)
Noncash capital and related financing activities, capital assets recorded in accounts payable at year end	\$ 185,307	\$ 151,058

See Notes to Basic Financial Statements.

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**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Notes to Basic Financial Statements

Note 1. Nature of Business, Reporting Entity and Significant Accounting Policies

Nature of business:

The Metropolitan Tulsa Transit Authority (the Authority) was created by a trust indenture to provide a means of financing and operating municipal public transportation services. The provisions of the trust provide that the Authority will acquire and operate the transportation services, receive all revenue generated from the transportation services, pay all operating expenses and finance future improvements.

Reporting entity:

The City of Tulsa, Oklahoma (the City) is the beneficiary of the trust operated by the Authority and upon termination of the trust, title to the assets of the Authority shall pass to the City. The Authority is a component unit of the City and is included in the City's Comprehensive Annual Financial Report as a discretely presented component unit.

Significant accounting policies:

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

Cash and cash equivalents: The Authority considers all investments which have an original maturity of 90 days or less to be cash equivalents. The Authority defines cash and cash equivalents used in the statement of cash flows as all cash and liquid investments with original maturities of 90 days or less (both restricted and unrestricted).

Restricted cash: The Authority is required to maintain a capital match account for its local share of capital assets purchased with the Federal Transit Administration (FTA). Restricted cash also includes reserves to comply with the worker's compensation agreement.

Inventories: The parts and fuel inventories are stated at the lower of cost or market with cost being determined on an average cost basis.

Capital assets: Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$2,500, and an initial useful life of one year or greater. Capital assets are stated at cost. Depreciation of capital assets is computed using the straight-line method over the estimated useful life of each asset.

Revenue equipment	4 - 12 years
Service, shop, garage and other equipment	3 - 10 years
Furniture and fixtures	4- 10 years
Buildings and passenger shelters	10 - 30 years

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Notes to Basic Financial Statements

Note 1. Nature of Business, Reporting Entity and Significant Accounting Policies (Continued)

Maintenance and repairs are charged against operations, while renewals and betterments are capitalized. When a capital asset is retired or otherwise disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Capital contributions and operating grants: Capital contributions represent capital grants and other capital contributions for which all applicable eligibility requirements have been met by the Authority.

The Authority follows the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which establishes accounting and financial reporting standards to guide state and local governments' decisions about when and how to report the results of nonexchange transactions involving cash and other financial and capital resources.

It is the policy of the City to support the Authority's operations at a level which permits the Authority to operate on a break-even basis, exclusive of depreciation and capital transactions.

Compensated absences: Authority policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash and is determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as Social Security and Medicare taxes computed using rates in effect at that date.

	2013	Additions	Deletions	2014	Due in One Year
Compensated absences	\$ 670,244	\$ 675,393	\$ 670,244	\$ 675,393	\$ 77,670

	2012	Additions	Deletions	2013	Due in One Year
Compensated absences	\$ 687,536	\$ 670,244	\$ 687,536	\$ 670,244	\$ 77,499

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

Income taxes: The Authority, as a political subdivision of the City, is excluded from federal income taxes under Section 115(1) of the internal Revenue Code, as amended.

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Notes to Basic Financial Statements

Note 1. Nature of Business, Reporting Entity and Significant Accounting Policies (Continued)

Risk management: The Authority is exposed to various risks of loss from torts; theft of damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased in conjunction with the City for claims arising from such matters other than bodily injury, property damage and workers' compensation. For bodily injury and property damage, losses are limited by the Oklahoma Tort Claims Act. The act limits liability to \$125,000 per claimant bodily injuries and \$25,000 per claimant property damage with a maximum loss per occurrence of \$1,000,000. For workers' compensation, losses incurred for the first \$350,000 per claim and any excess over \$5,000,000 per claim are retained by the Authority. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The Authority is self-insured for a portion of its exposure to risk of loss from bodily injury, property damages and workers' compensation. Annual estimated provisions are accrued for the self-insured portion of bodily injury, property damage and workers' compensation claims and includes an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

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 and disclosure of contingent 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.

Reclassifications: Certain comparative balances for the year ended June 30, 2013 have been reclassified to make them consistent with the current year presentation. The reclassifications had no effect on change in net position or ending net position for 2013.

Note 2. Deposits and Investments

Deposits: As of June 30, 2014 and 2013, the Authority's cash equivalents consisted of checking accounts and interest bearing savings accounts. The Authority had no investments. Custodial credit risk is the risk that in the event of a bank failure a government's deposits may not be returned to it. The Authority's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the state of Oklahoma; bonds of any city, county, school district or special road district of the state of Oklahoma; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

As of June 30, 2014 none of the Authority's bank balances of \$2,564,269 were uninsured and uncollateralized. As of June 30, 2013 one of the Authority's bank balances of \$1,889,337 was uninsured and uncollateralized due to the expiration of the Dodd-Frank Wall Street Reform and Consumer Protection Act during the fiscal year.

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Notes to Basic Financial Statements

Note 3. Capital Assets

The changes in capital assets for the years ended June 30, 2014 and 2013 were as follows:

	2014				Ending Balance
	Beginning Balance	Additions	Reductions	Transfers	
Capital assets not being depreciated,					
Construction in progress	\$ 227,141	\$ -	\$ -	\$ (188,770)	\$ 38,371
Land	2,633,707	-	-	-	2,633,707
Total capital assets not being depreciated	2,860,848	-	-	(188,770)	2,672,078
Capital assets being depreciated:					
Revenue equipment	28,398,872	2,751,879	(2,833,319)	-	28,317,432
Service equipment	364,044	51,922	-	-	415,966
Passenger shelters	-	8,212	-	1,757,861	1,766,073
Security equipment	1,269,858	7,489	(150,256)	-	1,127,091
Buildings	13,763,729	167,294	(159,933)	(1,757,861)	12,013,229
Shop and garage equipment	2,305,383	36,347	-	70,369	2,412,099
Other equipment	3,224,717	240,373	(319,087)	(70,615)	3,075,388
Furniture and fixtures	914,939	2,156	-	246	917,341
Total capital assets being depreciated	50,241,542	3,265,672	(3,462,595)	-	50,044,619
Accumulated depreciation:					
Revenue equipment	14,199,233	2,810,665	(2,761,365)	-	14,248,533
Service equipment	325,798	28,558	-	-	354,356
Passenger shelters	-	25,487	-	1,357,551	1,383,038
Security equipment	433,740	195,934	(150,256)	-	479,418
Buildings	8,388,686	432,920	(163,253)	(1,357,551)	7,300,802
Shop and garage equipment	508,300	189,269	-	53,260	750,829
Other equipment	2,621,802	380,842	(357,269)	(53,260)	2,592,115
Furniture and fixtures	870,806	29,595	-	-	900,401
Total accumulated depreciation	27,348,365	4,093,270	(3,432,143)	-	28,009,492
Total capital assets being depreciated, net	22,893,177	(827,598)	(30,452)	-	22,035,127
Capital assets, net	\$ 25,754,025	\$ (827,598)	\$ (30,452)	\$ (188,770)	\$ 24,707,205

During the fiscal year ended June 30, 2014, management reclassified passenger shelter costs out of depreciable buildings. The reclass is shown in the above roll forward; however, the statement of net position as of June 30, 2013 was updated for these reclassifications.

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

	2013				Ending Balance
	Beginning Balance	Additions	Reductions	Transfers	
Capital assets not being depreciated,					
Construction in progress	\$ 36,520	\$ 221,821	\$ -	\$ (31,200)	\$ 227,141
Land	2,633,707	-	-	-	2,633,707
Total capital assets not being depreciated	2,670,227	221,821	-	(31,200)	2,860,848
Capital assets being depreciated:					
Revenue equipment	26,739,637	2,201,050	(621,013)	79,198	28,398,872
Service equipment	440,840	-	(28,798)	(47,998)	364,044
Security equipment	881,616	388,242	-	-	1,269,858
Buildings	13,335,788	427,941	-	-	13,763,729
Shop and garage equipment	2,191,540	395,551	(281,708)	-	2,305,383
Other equipment	3,253,670	217,992	(246,945)	-	3,224,717
Furniture and fixtures	868,573	46,366	-	-	914,939
Total capital assets being depreciated	47,711,664	3,677,142	(1,178,464)	31,200	50,241,542
Accumulated depreciation:					
Revenue equipment	12,125,128	2,683,143	(621,013)	11,975	14,199,233
Service equipment	324,887	41,684	(28,798)	(11,975)	325,798
Security equipment	260,492	173,248	-	-	433,740
Buildings	7,977,491	411,195	-	-	8,388,686
Shop and garage equipment	603,290	186,718	(281,708)	-	508,300
Other equipment	2,465,628	403,119	(246,945)	-	2,621,802
Furniture and fixtures	848,880	21,926	-	-	870,806
Total accumulated depreciation	24,605,796	3,921,033	(1,178,464)	-	27,348,365
Total capital assets being depreciated, net	23,105,868	(243,891)	-	31,200	22,893,177
Capital assets, net	\$ 25,776,095	\$ (22,070)	\$ -	\$ -	\$ 25,754,025

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Notes to Basic Financial Statements

Note 4. Pension Plans

Each qualified Authority employee is included in one of two pension plans depending on their status as union or salaried personnel. Each plan is administered by a separate board of trustees and the assets are held in custody by certain banks.

A summary of significant data for each of the pension plans follows:

Municipal Employees' Pension Plan: The Authority contributes to the Municipal Employees' Pension System (the Plan), a cost sharing multiple-employer defined benefit pension plan administered by the City of Tulsa, Oklahoma. The Plan was established by the City in accordance with the City Charter and state statutes and is reported in the City's Municipal Pension Trust Fund. Nonuniform, nonelected full-time employees of the Authority along with other employees of the City and certain related agencies participate in this plan immediately upon employment. Employees become 100 percent vested after five years of employment.

Pension provisions include death benefits for the surviving spouse. The Plan 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.

The Authority to establish and amend requirements of plan members and the Plan is set forth in the City Charter and state statutes and is vested in the Plan's board of trustees, which are appointed by the mayor with approval of the City Council. Plan members are required to contribute 5.0 percent of their annual covered salary. The Authority is required to contribute at an actuarially determined rate; the rate was 11 percent, 11 percent and 9.3 percent for the years ended 2014, 2013 and 2012, respectively. The Authority's contributions to the Plan for fiscal years 2014, 2013 and 2012 were approximately \$195,000, \$237,000 and \$139,000, respectively, which equaled its required portion of the contributions for each year.

The Plan is reported as a Municipal Pension Trust Fund in the City's 2014 Comprehensive Annual Financial Report. The Plan does not issue a stand-alone, financial report and is not included in the report of a public employee retirement system.

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

	2013	Additions	Deletions	2014	Due in One Year
Net pension obligation	\$ 93,977	\$ 269,715	\$ 194,952	\$ 168,740	\$ -
	2012	Additions	Deletions	2013	Due in One Year
Net pension obligation	\$ 105,239	\$ 225,970	\$ 237,232	\$ 93,977	\$ -

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Notes to Basic Financial Statements

Note 4. Pension Plans (Continued)

Union Employees' Pension Plan: The Authority has a pension plan (the Union Plan) covering substantially all of its union employees, which is a single-employer defined benefit pension plan. The Union Plan provides retirement, disability, death and termination benefits to plan members and beneficiaries. The Authority and Local 892 of the Amalgamated Transit Union (the Union) are parties to the Metropolitan Tulsa Transit Authority Union Employees' Pension Plan Agreement (the Agreement) dated July 1, 1975, as amended, and have the authority to establish and amend benefit provisions through renegotiation of the Agreement. The employer and employee contribution rates are determined by the Agreement. The employee contribution rate for fiscal years 2014 and 2013 was 4 percent. The employer contribution rate for fiscal years 2014 and 2013 was 9 percent.

The Union 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.

All full-time employees represented by the Union who have both completed one year of employment and attained age 21 are eligible to participate in the Union Plan. Participants become 100 percent vested after ten years of service.

The annual required contribution for the current year was determined as part of the July 1, 2014, actuarial valuation using the entry age normal cost method. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial liability is being amortized as a level percent of payroll over an open amortization period, which is currently 30 years.

Union Plan assets consist of fixed income funds, equity securities and short-term investments whose value is determined using market values. There are no investments in any organization representing 5 percent or more of the plan net position. There are no investments in loans to or leases with related parties to the Union Plan. Actuarial valuation assumptions include the use of a 7.5 percent discount rate and a projected salary increase of 3.00 percent per year to retirement age.

	2014	2013
Annual required contribution (ARC)	\$ 417,630	\$ 408,337
Interest on net pension obligation	28,684	19,027
Adjustment to ARC	(22,151)	2,984
Annual pension cost	424,163	430,348
Contributions made	285,450	283,904
Increase in net pension obligation	138,713	146,444
Net pension obligation, July 1, 2013	382,478	236,034
Net pension obligation, June 30, 2014	<u>\$ 521,191</u>	<u>\$ 382,478</u>

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Notes to Basic Financial Statements

Note 4. Pension Plans (Continued)

The Authority's annual pension cost and net pension obligation is as follows:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	\$ 424,163	67% *	\$ 521,191
2013	430,348	89 *	382,478
2012	329,076	72 *	236,034

* A portion of this amount was contributed with interest subsequent to June 30.

Funded status and funding progress as of June 30, 2014: As of July 1, 2014, the most recent actuarial valuation date, the Union Plan was 80.8 percent funded. The actuarial value of assets was \$9,808,091 and the actuarial accrued liability was \$12,132,819 resulting in a total unfunded actuarial liability of \$2,324,728. The annual covered payroll (annual payroll of active employees covered by the plan) was \$3,174,496 and the ratio of the unfunded actuarial liability to annual covered payroll was 73.2 percent.

Funded status and funding progress as of June 30, 2013: As of July 1, 2013, the Union Plan was 80.6 percent funded. The actuarial value of assets was \$9,121,142 and the actuarial accrued liability was \$11,325,407 resulting in a total unfunded actuarial liability of \$2,204,265. The annual covered payroll (annual payroll of active employees covered by the plan) was \$3,171,667 and the ratio of the unfunded actuarial liability to annual covered payroll was 69.5 percent.

The required schedule of funding progress presented immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 5. Other Postemployment Benefits (OPEB)

The City provides postemployment health care benefits for retired employees and their dependents through the City of Tulsa Postretirement Medical Plan (the Plan), a multiple-employer cost sharing defined benefit health care plan. The benefits, coverage levels, employee contributions and employer contributions are governed by the City through its personnel and union contracts.

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

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Notes to Basic Financial Statements

Note 5. Other Postemployment Benefits (OPEB) (Continued)

The actuarial valuation of liabilities under the plan is calculated using the entry age normal cost method as of the July 1, 2012 and 2011 actuarial valuations. This method requires the calculation of an unfunded actuarially accrued liability, which was approximately \$14,216,000 and \$28,539,000 for the City as of June 30, 2014 and 2013, respectively. The Authority's portion of the unfunded actuarially accrued liability is not separately determinable.

The City's actuarially determined annual required contributions (ARC) for fiscal years ended June 30, 2014 and 2013 were \$1,376,000 and \$2,880,000, respectively, of which \$1,332,000 and \$1,685,000 were paid on a pay-as-you-go basis in 2014 and 2013, respectively. The Authority was allocated \$382,062 and \$386,431 of the net OPEB obligation for the fiscal years ended June 30, 2014 and 2013, respectively, which has been reflected in the financial statements. The amount allocated to the Authority is based on the covered employees compared to the total covered employees for the Plan of the active eligible employees. The complete details of the plan are disclosed in the City's Comprehensive Annual Financial Report.

Note 6. Commitments and Contingencies

In the normal course of operations, the Authority receives grant funds from federal agencies. The grant programs are subject to audit by agents of the granting agency, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

The Authority is party to other legal proceedings which arise in the normal course of operations. Any liability resulting from these proceedings is not believed by management to have a material effect on the financial statements.

As of June 30, 2014, the Authority has entered into contracts totaling approximately \$3,379,800 which will be funded primarily by federal grants, as well as local capital contributions.

Note 7. Related-Party Transactions

During the years ended June 30, 2014 and 2013, the Authority received no advances from the City, although \$326,000 of prior advances were outstanding as of June 30, 2014 and 2013.

During the years ended June 30, 2014 and 2013, the Authority received operating appropriations from the City of \$7,580,000 and \$7,892,000, respectively. During the years ended June 30, 2014 and 2013, the Authority received capital appropriations from the City of \$797,359 and \$635,236, respectively.

Note 8. Self-Insurance Liability

The Authority is self-insuring its liability for bodily injury and property damage losses incurred. Losses are limited by the Oklahoma Tort Claims Act. The act limits liability to \$125,000 per claimant bodily injuries and \$25,000 per claimant property damage with a maximum loss per occurrence of \$1,000,000. The Authority is also self-insuring its liability for workers' compensation losses incurred for the first \$350,000 per claim and any excess over \$5,000,000 per claim. Losses estimated to have been incurred and not paid as of the statement of net position date are accrued as a liability. These loss estimates are determined using the history of claims activity from prior years to predict losses which have been incurred but not reported to the Authority.

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Notes to Basic Financial Statements

Note 8. Self-Insurance Liability (Continued)

The following is a summary of the self-insurance activity during the fiscal years ended June 30, 2014, 2013 and 2012:

	2014	2013	2012
Liability, beginning of year	\$ 448,499	\$ 401,752	\$ 344,266
Claims incurred:			
Auto/general	36,007	51,860	52,343
Workers' compensation	217,824	92,015	39,038
Claims paid	(250,607)	(97,128)	(33,895)
Liability, end of year	<u>\$ 451,723</u>	<u>\$ 448,499</u>	<u>\$ 401,752</u>

The accrued insurance claims liability as of June 30, 2014 and 2013, also includes a workers' compensation bonus accrual of \$22,800 and none, respectively, for union employees without any worker's compensation claims during the year.

Note 9. Line of Credit

The Authority had a revolving line of credit with F&M Bank in the amount of \$650,000 which expired May 15, 2014. As of June 30, 2014 and 2013, there was \$0 and \$39,244 borrowed and outstanding against the line of credit. The line of credit had a variable interest rate equal to the commercial prime interest rate, which was 4 percent as of the expiration of the line and June 30, 2013.

Note 10. Future Changes in Accounting Pronouncements

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the Authority beginning with its year ending June 30, 2015. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that met certain criteria. This Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively comparably measure the annual costs of pension costs. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68*, issued in November 2013 will be effective for the Authority beginning with its year ending June 30, 2015. This Statement eliminates a potential source of understatement of restated beginning net position and expense in a government's first year of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. To correct this potential understatement, Statement 71 requires a state or local government, when transitioning to the new pension standards, to recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net position liability and the beginning of the initial fiscal year of implementation. This amount recognized will be regardless of whether its practical to determine the beginning amounts of all other deferred outflows of resources and deferred inflows of resources related to pensions.

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

**Required Supplementary Information
Union Employees' Pension Plan**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over- funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
07/01/2014	\$ 9,808,091	\$ 12,132,819	\$ 2,324,728	80.8%	\$ 3,174,496	73.2%
07/01/2013	9,121,142	11,325,407	2,204,265	80.6	3,171,667	69.5
07/01/2011	9,252,910	10,875,619	1,622,709	85.1	2,805,171	57.8

Valuation date	July 1, 2014
Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Actuarial asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	3.0%
Inflation rate	3.0%
Cost-of-living adjustments	None

See Note to Required Supplementary Information.

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

**Supplemental Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014**

Federal Grantor/ Program Title	Project Number	CFDA #	Program or Award Amount	Unexpended Balance at July 1, 2013
U.S Department of Transportation (Direct)				
	OK-04-0018-00	20.500	\$ 1,240,500	\$ 67,293
	OK-04-0017-00	20.500	750,000	206,827
	OK-34-0001-00	20.500	-	-
	OK-34-0002-00	20.500	-	-
	OK-95-X006-00	20.507	-	-
	OK-95-X008-00	20.507	-	-
	OK-90-X087-00	20.507	5,764,000	108,458
	OK-90-X095-01	20.507	6,953,517	172,158
	OK-90-X100-00	20.507	6,465,926	170,354
	OK-95-X003-00	20.507	650,000	205,575
	ARRA- OK-96-X003-01	20.507	8,853,448	20,935
	OK-90-X104-00	20.507	6,595,908	248,968
	OK-04-0014-00	20.519	2,500,000	772,332
	OK-90-X109-00	20.507	6,340,747	453,815
	OK-37-X043-00	20.507	320,725	56,800
	OK-95-X005-00	20.507	607,323	607,323
	OK-90-X113-00	20.507	3,023,022	2,278,089
	OK-90-X117-00	20.507	-	-
			<u>\$ 50,065,116</u>	<u>\$ 5,368,927</u>

Grant Amendments/ During Awarded Current Year	Other Income and Matching	Current Year Expenditures Federal	Current Year Expenditures Federal and Local	Unexpended Balance at July 1, 2014
\$ -	\$ 3,422	\$ 13,688	\$ 17,110	\$ 53,605
-	-	110,677	110,677	96,150
663,427	165,857	663,427	829,284	-
701,024	-	-	-	701,024
250,000	1,160	4,640	5,800	245,360
250,000	-	-	-	250,000
-	20,755	83,018	103,773	25,440
-	13,223	52,893	66,116	119,265
-	178	711	889	169,643
-	22,322	89,289	111,611	116,286
-	-	20,935	20,935	-
-	8,774	35,097	43,871	213,871
-	164,505	658,019	822,524	114,313
-	9,322	37,289	46,611	416,526
-	56,800	56,800	113,600	-
-	144,331	577,323	721,654	30,000
3,261,323	2,288,153	4,922,608	7,210,761	616,804
6,588,277	202,342	210,929	413,271	6,377,348
<u>\$ 11,714,051</u>	<u>\$ 3,101,144</u>	<u>\$ 7,537,343</u>	<u>\$ 10,638,487</u>	<u>\$ 9,545,635</u>

Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)

Schedule of Operating Expenses, Excluding Depreciation
Year Ended June 30, 2014

Labor:

Operator salaries and wages	\$ 3,402,955
Transportation administration	351,497
System security	187,105
Servicing of revenue vehicles	159,202
Maintenance administration	243,808
Maintenance and inspection of revenue vehicles	819,158
Service development	45,555
General office administration	1,300,041
Safety and training administration	3,013
Total labor	<u>6,512,334</u>

Purchased transportation:

Lift program, ADA	2,588,477
Fixed route	262,208
Total purchased transportation	<u>2,850,685</u>

Materials and supplies consumed:

Diesel fuel	1,042,551
Compressed natural gas	105,350
Gasoline service	59,929
Oil and lubricants	123,330
Tires and tubes	122,360
Shop and garage building repair	388,985
Service and shop equipment	41,769
Other shop and garage expense	77,343
Repair parts for revenue vehicles	919,435
Servicing supplies	201,932
Transportation and safety	6,904
Schedules	23,504
Tickets and transfers	25,170
General office expenses	75,997
Total materials and supplies consumed	<u>3,214,559</u>

(Continued)

Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)

Schedule of Operating Expenses, Excluding Depreciation (Continued)
Year Ended June 30, 2014

Fringes:

FICA taxes	519,594
Pension plan expenses	693,929
Health and dental expense	1,174,929
Life and disability insurance	62,582
Workers' compensation insurance (including self-insurance)	60,796
Sick leave	162,480
Holiday pay	185,162
Vacation pay	196,563
Uniform allowance - drivers	40,465
Work clothing and tool allowance, mechanics	28,862
Unemployment tax, state	12,118
Other	61,617
Total fringes	3,199,097

Services:

Legal fees	107,429
Audit and other outside services	36,000
Office equipment maintenance	11,622
Advertising	274,556
Professional and technical services	262,468
Building, vehicle and facility services	151,522
Security services	18,605
Total services	862,202

Insurance, property and liability insurance (including self-insurance) 218,407

Utilities:

Heat, power and water	293,370
Communications	162,995
Total utilities	456,365

(Continued)

Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)

Schedule of Operating Expenses, Excluding Depreciation (Continued)
Year Ended June 30, 2014

Other:

Planning expense	169,585
Dues and subscriptions	26,418
Travel and meetings, staff	36,934
Marketing and advertising	136,720
Training	10,688
Other miscellaneous expenses	30,540
Interest	227
Leases and rentals	16,397
Total other	<u>427,509</u>

Total operating expenses, excluding depreciation \$ 17,741,158

Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)

Schedule of Projects Costs
Year Ended June 30, 2014

Total operating expenses:	
Labor	\$ 6,512,334
Purchased transportation	2,850,685
Materials and supplies consumed	3,214,559
Fringes	3,199,097
Services	862,202
Insurance	218,407
Utilities	456,365
Other	427,509
Total operating expenses, excluding depreciation	<u>17,741,158</u>
Depreciation	4,093,270
Total operating expenses	<u>21,834,428</u>
Less exclusions:	
Ineligible expenses:	
Depreciation	4,093,270
Contra-expense, interest earned on working capital	(2,640)
Other exclusions, expenses reimbursable by:	
Planning assistance, FTA	1,109,599
Revolving transit funds, Oklahoma	1,092,500
CMAQ operating assistance, FTA	92,183
Operating assistance, FTA	1,606,390
Preventative maintenance assistance, FTA	1,542,214
Lift program assistance, FTA	583,180
Job access assistance, FTA	56,800
Lease assistance, FTA	118,055
Total exclusions	<u>10,291,551</u>
Eligible operating expenses	<u>11,542,877</u>
Less:	
Passenger farebox revenues	2,844,411
Contract services and other	46,728
	<u>2,891,139</u>
Net eligible project cost	<u>8,651,738</u>
Less local share of operating assistance:	
City of Tulsa	7,580,000
Advertising revenues	583,124
Other	274,000
	<u>8,437,124</u>
Net revenues before applying FTA operating funds	<u><u>\$ 214,614</u></u>

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