

TULSA PARKING AUTHORITY

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

FINANCIAL REPORT

June 30, 2020 and 2019

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
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June 30, 2020 and 2019

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RSM US LLP

Independent Auditor's Report

Board of Trustees
Tulsa Parking Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Tulsa Parking Authority (the Authority), a component unit of the City of Tulsa, Oklahoma, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying other statistical information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

RSM US LLP

Kansas City, Missouri
December 3, 2020

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT’S DISCUSSION AND ANALYSIS
Years Ended June 30, 2020 and 2019

As management of the Tulsa Parking Authority (the “Authority”), a component unit of the City of Tulsa, Oklahoma (the “City”), we offer readers of the Authority’s financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended June 30, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with the Authority’s financial statements, which begin on page 7. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded liabilities at the close of the most recent year by \$30,822. Of this amount, \$8,980 represents unrestricted net position, which may be used to meet the Authority’s ongoing obligations.
- The Authority’s net position increased from \$30,392 at June 30, 2019 to \$30,822 at June 30, 2020. During 2020, the Authority generated an increase in net position of \$430 compared to \$3,321 during 2019.
- The Authority’s total liabilities decreased by \$818 and \$1,984 at June 30, 2020 and 2019, respectively.

Overview of the Financial Statements

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

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

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
Years Ended June 30, 2020 and 2019

Required Financial Statements

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

Net Position

The Authority's net position increased 1.4% from \$30,392 at June 30, 2019 to \$30,822 at June 30, 2020. Net position increased 12.3% from \$27,071 at June 30, 2018 to \$30,392 at June 30, 2019. The following provides a summary of net position:

SUMMARY OF NET POSITION

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current assets	\$ 10,614	\$ 9,508	\$ 9,521
Capital assets, net	25,782	25,168	25,794
Noncurrent assets	<u>1,100</u>	<u>3,157</u>	<u>1,124</u>
Total assets	<u>37,496</u>	<u>37,833</u>	<u>36,439</u>
Total deferred outflows of resources	<u>216</u>	<u>267</u>	<u>324</u>
Current liabilities	1,014	1,248	2,206
Noncurrent liabilities	<u>5,876</u>	<u>6,460</u>	<u>7,486</u>
Total liabilities	<u>6,890</u>	<u>7,708</u>	<u>9,692</u>
Net investment in capital assets	20,687	19,605	18,727
Restricted	1,155	1,473	2,229
Unrestricted	<u>8,980</u>	<u>9,314</u>	<u>6,115</u>
Total net position	<u>\$ 30,822</u>	<u>\$ 30,392</u>	<u>\$ 27,071</u>

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
Years Ended June 30, 2020 and 2019

In 2020, total assets experienced a net decrease of \$337 or 0.9%. Increases of \$1,106 in total current assets were due primarily to \$1,537 increase in investments. Capital assets additions of \$1,581 were offset by the \$967 annual provision for depreciation. Total liabilities decreased \$818 or 10.6% primarily due to the \$970 scheduled principal payment on revenue bonds.

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

SUMMARY OF CHANGES IN NET POSITION

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 7,363	\$ 8,043	\$ 7,944
Capital contributions	-	-	147
Investment income	216	220	103
Total revenues	<u>7,579</u>	<u>8,263</u>	<u>8,194</u>
Depreciation expense	967	925	899
Other operating expense	3,958	3,764	4,503
Nonoperating expense	2,224	253	311
Total expenses	<u>7,149</u>	<u>4,942</u>	<u>5,713</u>
Change in net position	430	3,321	2,481
Net position, beginning of year	<u>30,392</u>	<u>27,071</u>	<u>24,590</u>
Net position, end of year	<u>\$ 30,822</u>	<u>\$ 30,392</u>	<u>\$ 27,071</u>

In 2020, the Authority’s operating revenues decreased \$680 or 8.5%. Parking facilities income decreased by \$855 due to a tenant vacating Main Park Plaza for their own garage; as well as the decrease in transient revenue downtown due to COVID-19. Total operating expenses increased \$193 primarily due to a \$262 increase in repairs and maintenance costs for concrete repair work. Nonoperating expense increased \$1,971 due to a \$2,000 contribution to the City. Revenues exceeded expenses resulting in an increase in net position of \$430.

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

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
Years Ended June 30, 2020 and 2019

Capital Assets

The Authority’s investment in capital assets as of June 30, 2020 and 2019 was \$25,782 and \$25,168, respectively (net of accumulated depreciation). During the 2020 fiscal year, the Authority paid \$1,477 related to Main Park Plaza remodeling efforts and \$14 related to a metal garage gate for the Civic Center.

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Land	\$ 9,348	\$ 9,348	\$ 9,348
Construction in progress	-	192	107
Land improvements	777	777	763
Buildings	50,938	49,261	49,097
Equipment	1,327	1,231	1,196
	<u>62,390</u>	<u>60,809</u>	<u>60,511</u>
Less accumulated depreciation	<u>(36,608)</u>	<u>(35,641)</u>	<u>(34,716)</u>
Capital assets, net	<u>\$ 25,782</u>	<u>\$ 25,168</u>	<u>\$ 25,795</u>

Debt

At June 30, 2020 and 2019 the Authority had outstanding revenue bond debt of \$6,195 and \$7,165, respectively. The bonds issued in 2012 refunded all other revenue bonds. Principal payments began in 2014 and will continue until the bonds are paid in full in 2029.

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

Requests for Information

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

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF NET POSITION
June 30, 2020 and 2019

(in thousands of dollars)

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 4,500	\$ 4,733
Cash and cash equivalents, restricted	1,000	1,511
Accounts receivable, net	554	187
Investments	4,038	2,501
Interest receivable	14	38
Prepaid expense	508	538
	<u>10,614</u>	<u>9,508</u>
Total current assets		
Noncurrent assets:		
Cash and cash equivalents, restricted	1,100	51
Investments	-	2,006
Investments, restricted	-	1,100
Nondepreciable capital assets	9,348	9,540
Depreciable capital assets, net	16,434	15,628
	<u>26,882</u>	<u>28,325</u>
Total noncurrent assets		
Total assets	<u>\$ 37,496</u>	<u>\$ 37,833</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred charge on refunding	216	267
	<u>216</u>	<u>267</u>
Total deferred outflows of resources	<u>\$ 216</u>	<u>\$ 267</u>

(Continued)

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

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF NET POSITION, Continued
June 30, 2020 and 2019

(in thousands of dollars)

<u>LIABILITIES</u>	<u>2020</u>	<u>2019</u>
Current liabilities:		
Accounts payable	\$ 258	\$ 88
Unearned revenue	110	64
Interest payable on revenue bonds	111	126
Current portion of revenue bonds	<u>535</u>	<u>970</u>
Total current liabilities	<u>1,014</u>	<u>1,248</u>
Noncurrent liabilities:		
Deposits subject to refund	4	4
Revenue bonds payable	5,660	6,195
Unamortized premium	<u>212</u>	<u>261</u>
Total noncurrent liabilities	<u>5,876</u>	<u>6,460</u>
Total liabilities	<u>\$ 6,890</u>	<u>\$ 7,708</u>
 <u>NET POSITION</u>		
Net investment in capital assets	20,687	19,605
Restricted for:		
Debt service	1,155	1,473
Unrestricted net position	<u>8,980</u>	<u>9,314</u>
Total net position	<u>\$ 30,822</u>	<u>\$ 30,392</u>

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

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2020 and 2019

(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Parking facilities income	\$ 6,969	\$ 7,824
Rental income	394	219
	<u>7,363</u>	<u>8,043</u>
Total operating revenues		
Operating expenses:		
Contracting services	3,237	3,317
General and administrative	354	342
Repairs and maintenance	367	105
Depreciation	967	925
	<u>4,925</u>	<u>4,689</u>
Total operating expenses		
Operating income	<u>2,438</u>	<u>3,354</u>
Nonoperating revenues (expenses):		
Investment income	216	220
Interest and amortization expense	(224)	(253)
Net nonoperating expenses	(8)	(33)
Income before contribution	2,430	3,321
Contribution to City	<u>(2,000)</u>	<u>-</u>
Change in net position	<u>430</u>	<u>3,321</u>
Net position, beginning of year	<u>30,392</u>	<u>27,071</u>
Net position, end of year	<u>\$ 30,822</u>	<u>\$ 30,392</u>

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

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from customers, including cash deposits	\$ 7,230	\$ 8,024
Cash payments to suppliers for goods and services	(3,707)	(3,686)
Cash payments for quasi-external operating transactions	<u>(215)</u>	<u>(233)</u>
Net cash provided by operating activities	<u>3,308</u>	<u>4,105</u>
Cash flows from noncapital financing activities:		
Principal paid on revenue bonds	(450)	(430)
Interest paid on revenue bonds	(10)	(28)
Payment for forward delivery agreement	-	(1)
Receipts from forward delivery agreement	-	1,032
Contribution to City	<u>(2,000)</u>	<u>-</u>
Net cash (used) provided by noncapital financing activities	<u>(2,460)</u>	<u>573</u>
Cash flows from capital and related financing activities:		
Principal paid on revenue bonds	(520)	(1,480)
Interest paid on revenue bonds	(228)	(253)
Acquisition and construction of capital assets	<u>(1,604)</u>	<u>(247)</u>
Net cash used by capital and related financing activities	<u>(2,352)</u>	<u>(1,980)</u>
Cash flows from investing activities:		
Investment income received	227	179
Purchase of investments	(2,250)	(4,000)
Sale or maturity of investments	<u>3,832</u>	<u>495</u>
Net cash provided (used) by investing activities	<u>1,809</u>	<u>(3,326)</u>
Net change in cash and cash equivalents	305	(628)
Cash and cash equivalents, beginning of year	<u>6,295</u>	<u>6,923</u>
Cash and cash equivalents, end of year	<u>\$ 6,600</u>	<u>\$ 6,295</u>

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

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF CASH FLOWS, Continued
Years Ended June 30, 2020 and 2019

(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
Reconciliation of cash and cash equivalents to the Statements of Net Position:		
Current unrestricted cash and cash equivalents	\$ 4,500	\$ 4,733
Current restricted cash and cash equivalents	1,000	1,511
Restricted cash and cash equivalents	<u>1,100</u>	<u>51</u>
Total cash and cash equivalents	<u>\$ 6,600</u>	<u>\$ 6,295</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,438	\$ 3,354
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	967	925
Increase in accounts receivable	(367)	(108)
Decrease (increase) in prepaid expense	30	(25)
Increase (decrease) in accounts payable	194	(48)
Increase in unearned revenue	<u>46</u>	<u>7</u>
Net cash provided by operating activities	<u>\$ 3,308</u>	<u>\$ 4,105</u>
Noncash capital and investing activities:		
Purchase of capital assets in accounts payable	\$ 27	\$ 51
Increase in fair value of investments	\$ 13	\$ 25

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

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)
June 30, 2020 and 2019

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

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

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

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

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

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

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

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

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

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (in thousands of dollars), continued
June 30, 2020 and 2019

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

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

The Authority experienced an increase in the fair value of investments of approximately \$22 and \$25 for the years ended June 30, 2020 and 2019, respectively. Realized gains and losses as well as changes in fair value of investments are reported in investment income or loss in the Statement of Revenues, Expenses and Changes in Net Position.

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

Level 1 Input - Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.

Level 2 Input - Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Input – Inputs that are unobservable for the asset or liability which are typically based upon the Authority’s own assumptions as there is little, if any, related market activity.

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

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

ACCOUNTS RECEIVABLE – Account receivables of the Authority represent amounts due from users of the garage for parking or retail space rent and amounts due from the operators of the parking facilities for monies advanced from the Authority that exceeded actual expenses.

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (in thousands of dollars), continued
June 30, 2020 and 2019

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

CAPITAL ASSETS – Capital assets purchased or acquired are carried at historical cost; contributed assets are recorded at acquisition value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Interest incurred during the construction phase of capital assets of the enterprise activities is expensed. Capital assets which are sold or disposed have their cost and related accumulated depreciation removed from the records. The related gain or loss is recorded in the period of sale or disposal.

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

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

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

BOND PREMIUMS - Premiums are amortized over the life of the revenue bonds using the effective interest method.

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

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

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

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

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (in thousands of dollars), continued
June 30, 2020 and 2019

2. CASH DEPOSITS AND INVESTMENTS

CASH AND CASH EQUIVALENTS – Cash deposits of the Authority are maintained within the City’s pooled portfolio except for cash held separately for operator receipts of \$290 and \$187 at June 30, 2020 and 2019, respectively. The City’s pooled portfolio consists primarily of time deposits and other securities guaranteed by the United States Government. At June 30, 2020 and 2019 the Authority maintained balances of \$1,953 and \$268, respectively, in the City’s pooled portfolio which represented 0.19% and 0.03% respectively of the City’s pooled portfolio.

The City’s pooled portfolio is collateralized by securities held by the City or its agent in the City’s name as of June 30, 2020 and 2019.

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

In addition, the Authority has money market accounts of \$4,357 and \$5,840 as of June 30, 2020 and 2019, respectively, which are reported as cash and cash equivalents on the statement of net position.

INVESTMENTS – For the years ended June 30, the Authority had the following investments:

June 30, 2020		Maturities in Years		Fair Value
Type	Fair Value	Less than 1	1-5	Measurement
Certificates of deposit	\$ 4,038	\$ 4,038	\$ -	Level 2
June 30, 2019		Maturities in Years		Fair Value
Type	Fair Value	Less than 1	1-5	Measurement
Certificates of deposit	\$ 4,007	\$ 2,001	\$ 2,006	Level 2
U.S. Treasury securities	1,600	1,600	-	Level 1
	<u>\$ 5,607</u>	<u>\$ 3,601</u>	<u>\$ 2,006</u>	

Interest Rate Risk – Interest rate risk is the risk that a change in interest rates will adversely affect the value of an investment. For investments not restricted by bond requirements, the Authority utilizes the City’s investment policy as a means of limiting its exposure to fair value losses arising from rising interest rates. For restricted funds, bond requirements limit the type of investments that can be acquired and consist of U.S. agency obligations, U.S. Treasury Securities and money market accounts.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority’s bond indenture dictates the types of investments that can be purchased thereby reducing credit risk. The Authority’s investments in U.S. Treasury Securities are not subject to credit risk.

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
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2. CASH DEPOSITS AND INVESTMENTS, continued

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

Deposits and investments – The Authority’s deposit policy for custodial credit risk requires compliance with provisions of state law and that demand deposits be collateralized at least 110% of the amount that is not federally insured. As of June 30, 2020 and 2019, the Authority’s bank balances of deposits with financial institutions were \$290 and \$187, respectively. At June 30, 2020, the Authority was in compliance with the provisions of the deposit policy and not exposed to custodial credit risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the Authority’s investments in U.S. Treasury at June 30, 2019 are insured or are registered securities held by the Authority or by its agent in the Authority’s name.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested in any one issuer. At June 30, 2019, The Authority’s investments in U.S. Treasury securities are not subject to concentration of credit risk disclosure.

TULSA PARKING AUTHORITY
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3. CAPITAL ASSETS

The changes in capital assets are summarized as follows:

June 30, 2020	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	\$ 9,348	\$ -	\$ -	\$ 9,348
Construction in progress	192	1,491	(1,683)	-
Total nondepreciable capital assets	9,540	1,491	(1,683)	9,348
Depreciable capital assets:				
Land improvements	777	-	-	777
Buildings	49,261	1,677	-	50,938
Equipment	1,231	96	-	1,327
Total depreciable capital assets	51,269	1,773	-	53,042
Less accumulated depreciation:				
Land improvements	(146)	(31)	-	(177)
Buildings	(34,515)	(847)	-	(35,362)
Equipment	(980)	(89)	-	(1,069)
Total accumulated depreciation	(35,641)	(967)	-	(36,608)
Total depreciable capital assets, net	15,628	806	-	16,434
Capital assets, net	\$ 25,168	\$ 2,297	\$ (1,683)	\$ 25,782

June 30, 2019	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	\$ 9,348	\$ -	\$ -	\$ 9,348
Construction in progress	107	192	(107)	192
Total nondepreciable capital assets	9,455	192	(107)	9,540
Depreciable capital assets:				
Land improvements	763	14	-	777
Buildings	49,097	164	-	49,261
Equipment	1,196	35	-	1,231
Total depreciable capital assets	51,056	213	-	51,269
Less accumulated depreciation:				
Land improvements	(115)	(31)	-	(146)
Buildings	(33,704)	(811)	-	(34,515)
Equipment	(897)	(83)	-	(980)
Total accumulated depreciation	(34,716)	(925)	-	(35,641)
Total depreciable capital assets, net	16,340	(712)	-	15,628
Capital assets, net	\$ 25,795	\$ (520)	\$ (107)	\$ 25,168

TULSA PARKING AUTHORITY
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4. PARKING REVENUE BONDS

The Authority has issued revenue bonds for the purpose of constructing parking facilities, making major renovations to parking facilities and refunding prior issues of revenue bonds. Revenue bond payable activity for the years ended June 30, is as follows:

2020:

<u>Bonds and Maturity Date</u>	<u>Issue Amount</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Refunding Series 2012, 2029	\$ 17,860	3.0% - 4.0%	\$ 7,165	\$ -	\$ 970	\$ 6,195	\$ 535
			\$ 7,165	\$ -	\$ 970	\$ 6,195	\$ 535

2019:

<u>Bonds and Maturity Date</u>	<u>Issue Amount</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Refunding Series 2012, 2029	\$ 17,860	3.0% - 4.0%	\$ 9,075	\$ -	\$ 1,910	\$ 7,165	\$ 970
			\$ 9,075	\$ -	\$ 1,910	\$ 7,165	\$ 970

COLLATERAL - The Series 2012 Bonds are collateralized solely by the monies and assets in the Trust Estate. The Trust Estate is defined as the revenues; any parking subscription agreements or guarantee agreements; any subordinate lien or claim upon nonsystem revenues; the Authority's interest in the Civic Center Parking Facility, Main Street Parking Facility, the 100 West Facility, the Boulder Lot and the North and South Garages; all of the Authority's right, title and interest under the Amended Project Site Lease Agreement (dated as of September 1, 1985) between the City and the Authority; and any concession fees or charges and lease rentals derived from any rental space owned or operated by the Authority or operated for the benefit of the Authority.

TULSA PARKING AUTHORITY
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4. PARKING REVENUE BONDS, continued

COVENANT - The revenue bonds contain certain covenants. The covenants require that gross revenue of the parking system, as defined by the Master Bond Indenture, less direct operating expenses provide for a minimum debt service coverage ratio of 1.00.

PRINCIPAL AND INTEREST PAYMENTS IN SUBSEQUENT YEARS – Principal and interest payments in subsequent years are as follows:

	<u>Series 2012</u>	
	<u>Principal</u>	<u>Interest</u>
2021	535	212
2022	555	190
2023	580	168
2024	605	144
2025	630	119
2026-2029	<u>3,290</u>	<u>235</u>
	<u>\$ 6,195</u>	<u>\$ 1,068</u>

The Authority’s Revenue Bonds are subject to acceleration if the Authority defaults.

5. PARKING REVENUES PLEDGED

The Authority has pledged future gross revenues derived from the operations of the parking facilities to repay \$17,860 in revenue bonds issued. Proceeds from the bonds provided financing for various parking facilities and debt refundings. The bonds are payable solely from gross revenues and are payable through July 2028. Principal payments were \$970 and \$1,910 in 2020 and 2019, respectively. Interest paid for 2020 and 2019 was \$238 and \$281, respectively. Annual principal and interest payments on the bonds required 16% of gross revenues in 2020 and 2019. Total gross revenues were \$7,579 and \$8,263 in 2020 and 2019. The total principal and interest remaining to be paid on the bonds is \$7,263.

6. PARKING FACILITY LEASES

The Authority and the City have entered into two operating leases, which relate to the construction and financing of the Civic Center Parking Facilities. All leases are for a period sufficient to retire the long-term financing of the Facilities. Lease payments from the Authority to the City are nominal.

The Lease Agreement with respect to the Underground Parking Facility also permits the Authority to release the Underground Parking Facility to the City upon the substitution of property satisfactory to the Authority which will yield equivalent revenues. The term of each of the Lease Agreements extends so long as there remains outstanding indebtedness secured by a pledge of revenues of the System.

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (in thousands of dollars), continued
June 30, 2020 and 2019

6. PARKING FACILITY LEASES, continued

The operating leases are:

Site Lease – Includes an area north of the existing Cox Business Center building upon which the Civic Center Parking Facilities have been constructed.

Underground Lot Lease – Includes the area underneath the Civic Center complex containing approximately 515 spaces. The lease also includes metered parking on the street level of the complex. Revenues derived from both areas are assigned to the Authority.

7. OPERATING AGREEMENTS

The Authority has entered into various operating agreements for the operations and maintenance of System parking facilities in accordance with the Bond Indenture. Pursuant to the operating agreements, the operator is responsible for submitting an annual budget and, if necessary any revisions thereto to the Authority, including among other things, adjustments to the current rate structure of charges for parking, subject in all events to the adoption and approval by the Authority. The agreements generally provide that the Authority will advance funds to the operator to pay operating costs on a monthly basis, based upon the budget. Included in the operating costs was a management fee of \$61 and \$62, for the years ended June 30, 2020 and 2019, respectively. The management fee is included in Contracting Services on the Statement of Revenues, Expenses and Changes in Net Position. A settlement is made annually when the actual expenses incurred by the operator are known. All revenues received from the parking facilities are deposited with the bond trustee.

100 West Facility- Operated by American Parking, Inc. (“American”). Under this agreement, the Authority incurred costs of \$519 and \$541 for the years ended June 30, 2020 and 2019, respectively.

Main Street Parking Facility and retail areas- Operated by American. Under this agreement, the Authority incurred costs of \$775 and \$778 for the years ended June 30, 2020 and 2019, respectively.

Civic Center Parking Facilities- Operated by American. Under this agreement the Authority incurred costs of \$653 and \$650 for the years ended June 30, 2020 and 2019, respectively.

Boulder Parking Facility- Operated by American. Under this agreement the Authority incurred costs of \$49 and \$42 for the years ended June 30, 2020 and 2019, respectively.

North and South Parking Facilities- Operated by Central Parking Systems, Inc. (“Central”). Under this agreement, the Authority incurred costs of \$1,331 and \$1,355 for the years ended June 30, 2020 and 2019, respectively.

The Authority has an operating agreement with the Tulsa Performing Arts Center Trust (“TPACT”) wherein the Authority will manage a parking lot owned by TPACT. The Authority in turn has an operating agreement with Central to operate the TPACT parking lot. In exchange for its services, the Authority receives a management fee of \$5 annually.

TULSA PARKING AUTHORITY
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8. RISK MANAGEMENT

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

9. RELATED PARTY TRANSACTIONS

During the years ended June 30, the Authority conducted the following transactions with related parties.

	<u>2020</u>	<u>2019</u>
Contracting services, staff support from the City	\$ 215	\$ 233
Rental income from Tulsa Performing Arts Center Trust for management of parking lot	\$ 5	\$ 5
Payments from the City of Tulsa for employee and department parking	\$ 89	\$ 94
Contribution to the City	\$ 2,000	\$ -

10. COMMITMENTS

As of June 30, 2020, the Authority had a commitment of \$1,078 for a concrete repair work service contract related to its parking garages.

11. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The statement will be effective for the Authority beginning with its fiscal year ending June 30, 2022. The Authority's management has not yet determined the effect this statement will have on the Authority's financial statements.

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12. CONTINGENCY

The spread of COVID-19, a novel strain of coronavirus, is altering the behavior of businesses and people throughout the United States. Further, financial markets have experienced significant volatility attributed to coronavirus concerns. The continued spread of COVID-19 may adversely impact the local, regional and national economies. The extent to which the coronavirus impacts the Authority's results will depend on future developments, which are highly uncertain and cannot be predicted. The impact is highly dependent on the breadth and duration of the outbreak and could be affected by other factors that cannot currently be predicted. Accordingly, management cannot presently estimate the overall operational and financial impact to the Authority, but such an impact could have a material adverse effect on the financial condition of the Authority.

TULSA PARKING AUTHORITY
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OTHER STATISTICAL INFORMATION, (Unaudited)

PARKING SYSTEM – The system’s parking facilities currently provide 6,270 parking spaces. The facilities and spaces are as follows:

- Main Street Parking Facility (1,167 spaces)
- Boulder Parking Facility (130 spaces)
- Civic Center Parking Facility (1,395 spaces)
- Underground Parking Facility (515 spaces)
- Metered Spaces adjacent to the Civic Center (132 spaces)
- South Garage (770 spaces)
- North Garage (970 spaces)
- 100 West Facility (1,191 spaces)

DEBT SERVICE COVERAGE – The following table presents ten years of debt service coverage under the Master Bond Indenture. Gross revenue of the System is defined by the terms of the Master Bond Indenture. Revenues derived outside of the System are excluded. The required minimum coverage is 1.00.

Year	Gross¹ Revenue	Direct Operating Expenses	Available for Debt Service	Principal²	Debt Service Interest	Total	Coverage
2020	\$ 7,579	\$ 3,958	\$ 3,621	\$ 970	\$ 238	\$ 1,208	3.00
2019	8,263	3,764	4,499	1,910	281	2,191	2.05
2018	8,047	4,503	3,544	1,855	337	2,192	1.62
2017	7,492	3,609	3,883	1,790	392	2,182	1.78
2016	7,925	3,672	4,253	1,750	436	2,186	1.95
2015	7,169	3,934	3,235	1,715	471	2,186	1.48
2014	6,221	3,277	2,944	1,675	505	2,180	1.35
2013	6,394	3,966	2,428	-	277	277	8.78
2012	6,103	3,438	2,666	1,420	1,245	2,665	1.00
2011	5,860	3,580	2,281	1,375	905	2,280	1.00

Note 1- Gross revenues as defined by the terms of the bond indenture. In 2011 \$147 of revenue was derived from prior years’ excess net revenues.

Note 2- In 2013 no principal payments were due based on the repayment schedule of the 2012 Refunding bonds.

