

TULSA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
FINANCIAL REPORTS
June 30, 2025 and 2024

TULSA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
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June 30, 2025 and 2024

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Independent Auditor's Report

Board of Commissioners
Tulsa Development Authority
Tulsa, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Tulsa Development Authority (the "Authority"), a component unit of the City of Tulsa, Oklahoma, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as of June 30, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

Other Matter

The financial statements of the Tulsa Development Authority for the year ended June 30, 2024 were audited by other auditors whose report dated October 29, 2024, expressed an unmodified opinion on those statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2025, 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 that report is 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. That report is 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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 7, 2025

TULSA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

As the management of the Tulsa Development Authority (the "Authority"), a component unit of the City of Tulsa, Oklahoma (the "City"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements and notes as a whole. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

The assets of the Authority exceeded its liabilities and deferred inflows at the close of the current year by \$9,952. Of this amount, \$148 is invested in capital assets, \$3,611 is restricted for capital projects, \$3,605 is restricted for developer programs, \$119 is restricted for other purposes, and \$2,469 is unrestricted and may be used to meet the Authority's ongoing obligations. The assets of the Authority exceeded its liabilities at the close of 2024 by \$9,276.

During 2025, the Authority's net position increased \$676 to \$9,952.

The Authority's operating revenues increased to \$141 in 2025 from \$116 in 2024, a 22% increase.

Overview of the Financial Statements

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

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

Financial Analysis

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

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

TULSA DEVELOPMENT AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

Financial Analysis, continued

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

NET POSITION

The Authority's net position increased \$676 or 7% to \$9,952 during the year ended June 30, 2025. The Authority's net position decreased \$1,019 or 10% to \$9,276 during the year ended June 30, 2024. The following table provides a summary of net position:

SUMMARY OF NET POSITION

| | 2025 | 2024 | 2023 |
|--------------------------------|-------------|-------------|-------------|
| Current assets | \$ 6,780 | \$ 6,370 | \$ 6,923 |
| Capital assets, net | 148 | 200 | 217 |
| Noncurrent assets | 3,264 | 3,232 | 3,436 |
| Total assets | 10,192 | 9,802 | 10,576 |
| Current liabilities | 52 | 297 | 45 |
| Noncurrent liabilities | 185 | 226 | 224 |
| Total liabilities | 237 | 523 | 269 |
| Deferred Inflows of Resources: | | | |
| Leases | - | - | 12 |
| Interest revenue | 3 | 3 | - |
| Total Deferred Inflows | 3 | 3 | 12 |
| Net position: | | | |
| Investment in capital assets | 148 | 200 | 217 |
| Restricted: Capital projects | 3,611 | 1,713 | 2,648 |
| Restricted: Developer programs | 3,605 | 4,699 | 4,607 |
| Restricted: Other purposes | 119 | 43 | 37 |
| Unrestricted | 2,469 | 2,621 | 2,786 |
| Total net position | \$ 9,952 | \$ 9,276 | \$ 10,295 |

TULSA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

Net Position, continued

The following changes occurred in 2025:

- Current assets increased \$410 primarily attributable to the capital contributions from the City of Tulsa of \$2,000, partially offset by a \$1,301 capital contribution to the City of Tulsa, and a \$245 decrease in accounts payable.
- Current liabilities decreased \$245 due to lower accounts payable and retainage balances for capital projects that are funded with restricted assets.
- Capital assets decreased by \$52 due to annual depreciation and disposal of land.

The following changes occurred in 2024:

- Current assets decreased \$553 primarily attributable to the payment of \$1,000 to the City of Tulsa in capital contributions, partially offset by a \$243 increase in the current portion of notes receivable.
- Current liabilities increased \$252 due to increased accounts payable and retainage balances for capital projects that are funded with restricted assets.
- Noncurrent assets decreased \$221 in 2024 primarily as a result of a decrease in notes receivable of \$215

TULSA DEVELOPMENT AUTHORITY
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June 30, 2025 and 2024

SUMMARY OF CHANGES IN NET POSITION

| | 2025 | 2024 | 2023 |
|---|-----------------|-----------------|------------------|
| Operating revenues | \$ 141 | \$ 116 | \$ 302 |
| Investment income | 346 | 387 | 81 |
| Payments from primary government | 2,000 | - | - |
| Other income | 2 | 25 | - |
| Total revenues | <u>2,489</u> | <u>528</u> | <u>383</u> |
| Depreciation expense | 17 | 17 | 17 |
| Other operating expense | 460 | 440 | 643 |
| Loss on disposal of capital assets | 35 | - | - |
| Payments to primary government | - | - | 962 |
| Total expenses | <u>512</u> | <u>457</u> | <u>1,622</u> |
| Capital contributions to primary government | (1,301) | (1,090) | (1,033) |
| Change in net position | 676 | (1,019) | (2,272) |
| Net position, beginning of year | <u>9,276</u> | <u>10,295</u> | <u>12,567</u> |
| Net position, end of year | <u>\$ 9,952</u> | <u>\$ 9,276</u> | <u>\$ 10,295</u> |

In 2025, operating revenues increased due to higher other income in 2025 relating to reimbursement of services performed on behalf of a third-party. Nonoperating revenues increased by \$1,936 due to a \$2,000 capital contribution from the City of Tulsa, offset by \$35 loss on disposal of capital assets. Nonoperating revenues also decreased \$41 related to a decrease in investment income.

In 2024, operating revenues decreased due to lower gains on the sale of property held for resale. Investment income increased due to more favorable interest rates on investment balances. Other operating expenses decreased due to lower developer program assistance.

TULSA DEVELOPMENT AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

CAPITAL ASSETS

The Authority's investment in capital assets as of June 30, 2025 was \$148 (net of accumulated depreciation). This investment in capital assets includes land, buildings and equipment. There were no acquisitions during the year.

CAPITAL ASSETS

| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|-------------------------------|---------------|---------------|---------------|
| Land | \$ - | \$ 35 | \$ 35 |
| Buildings | 629 | 629 | 629 |
| Equipment | <u>13</u> | <u>13</u> | <u>13</u> |
| Capital assets, total | 642 | 677 | 677 |
| Less accumulated depreciation | <u>(494)</u> | <u>(477)</u> | <u>(460)</u> |
| Capital assets, net | <u>\$ 148</u> | <u>\$ 200</u> | <u>\$ 217</u> |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority's appointed officials considered many factors when setting the 2026 budget and fees charged for business-type activities. Lease revenues on commercial office space owned by the Authority are governed by rates negotiated in long-term leases.

At the national level, unemployment rate remained stable at 4.1% at the end of fiscal-years 2025 and 2024. Unemployment in the Tulsa metropolitan area was below the national level during fiscal year 2025. The rate was 3.1% at the end of the fiscal year 2025 compared to 3.7% at the end of fiscal year 2024.

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

Office vacancies in the City of Tulsa increased from 13.6% to 14.7% in the period July 2024 through June 2025 due to a decrease in demand of available office space. The Authority participates in several projects to convert vacant downtown office buildings to residential living units, and a parking structure for downtown business use. Expenditures related to these projects are financed by the City of Tulsa from its sales tax collections.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

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

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

Revenues are budgeted to increase next year due to property sales and interest income. Expenses are projected to decrease slightly due to the reduction in management fees paid to the Tulsa Authority for Economic Opportunity ("TAE0").

REQUESTS FOR INFORMATION

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

TULSA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF NET POSITION
June 30, 2025 and 2024

(In thousand of dollars)

| | <u>2025</u> | <u>2024</u> |
|--|-----------------|-----------------|
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 2,354 | \$ 2,563 |
| Cash and cash equivalents - restricted | 3,878 | 3,280 |
| Receivables, net | 18 | 11 |
| Receivables, net - restricted | 34 | 22 |
| Prepaid expense | 1 | 1 |
| Current portion of notes receivable - restricted | 495 | 493 |
| Total current assets | <u>6,780</u> | <u>6,370</u> |
| Noncurrent assets: | | |
| Notes receivable - restricted | 2,938 | 2,935 |
| Land held for resale | 268 | 256 |
| Non-depreciable capital assets | - | 35 |
| Depreciable capital assets, net | 148 | 165 |
| Interest receivable | 58 | 41 |
| Total noncurrent assets | <u>3,412</u> | <u>3,432</u> |
| Total assets | <u>10,192</u> | <u>9,802</u> |
| <u>LIABILITIES</u> | | |
| Current liabilities: | | |
| Accounts payable | 52 | 297 |
| Total current liabilities | <u>52</u> | <u>297</u> |
| Noncurrent liabilities: | | |
| Escrow and security deposits | 178 | 219 |
| Escrow and security deposits - restricted | 7 | 7 |
| Total noncurrent liabilities | <u>185</u> | <u>226</u> |
| Total liabilities | <u>237</u> | <u>523</u> |
| Deferred Inflows of Resources: | | |
| Interest revenue | 3 | 3 |
| Total Deferred Inflows of Resources | <u>3</u> | <u>3</u> |
| <u>NET POSITION</u> | | |
| Investment in capital assets | 148 | 200 |
| Restricted for: | | |
| Capital projects | 3,611 | 1,713 |
| Developer programs | 3,605 | 4,699 |
| Other purposes | 119 | 43 |
| Unrestricted net position | 2,469 | 2,621 |
| Total net position | <u>\$ 9,952</u> | <u>\$ 9,276</u> |

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

TULSA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2025 and 2024

| (In thousand of dollars) | 2025 | 2024 |
|---|--------------|--------------|
| Operating revenues: | | |
| Property rentals | \$ 61 | \$ 60 |
| Gain on sale of land for resale | 47 | 42 |
| Other income | 33 | 14 |
| Total operating revenues | 141 | 116 |
| Operating expenses: | | |
| Salaries and wages | 6 | - |
| Other services and charges | 454 | 440 |
| Depreciation | 17 | 17 |
| Total operating expenses | 477 | 457 |
| Operating loss | (336) | (341) |
| Nonoperating revenues (expenses): | | |
| Investment income | 346 | 387 |
| Federal and state grant revenues | 2 | - |
| Payments from primary government | 2,000 | - |
| Loss on disposal of capital assets | (35) | - |
| Other | - | 25 |
| Total nonoperating revenues (expenses) | 2,313 | 412 |
| Income (Loss) before contributions | 1,977 | 71 |
| Capital contributions to primary government | (1,301) | (1,090) |
| Change in net position | 676 | (1,019) |
| Net position, beginning of year | 9,276 | 10,295 |
| Net position, end of year | \$ 9,952 | \$ 9,276 |

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

TULSA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2025 and 2024

| (In thousand of dollars) | 2025 | 2024 |
|---|-----------------|-----------------|
| Cash flows from operating activities: | | |
| Receipts from customers | \$ 121 | \$ 76 |
| Payments to suppliers and service providers | (785) | (189) |
| Payments to employees | (6) | - |
| Proceeds from sale of land held for resale | 47 | 49 |
| Net cash used for operating activities | <u>(623)</u> | <u>(64)</u> |
| Cash flows from noncapital financing activities: | | |
| Payments from primary government | 2,000 | - |
| Contributions | 2 | - |
| Payments for notes receivable issuance | (6) | - |
| Net cash provided by noncapital financing activities | <u>1,996</u> | <u>-</u> |
| Cash flows from capital and related financing activities: | | |
| Capital contributions to City | (1,301) | (1,090) |
| Net cash used for capital and related financing activities | <u>(1,301)</u> | <u>(1,090)</u> |
| Cash flows from investing activities: | | |
| Investment income | 317 | 365 |
| Net cash provided by investing activities | <u>317</u> | <u>365</u> |
| Net (decrease) increase in cash and cash equivalents | 389 | (789) |
| Cash and cash equivalents, beginning of year | 5,843 | 6,632 |
| Cash and cash equivalents, end of year | <u>\$ 6,232</u> | <u>\$ 5,843</u> |
| Reconciliation of cash and cash equivalents to the Statements of Net Position: | | |
| Current unrestricted cash and cash equivalents | \$ 2,354 | \$ 2,563 |
| Current restricted cash and cash equivalents | 3,878 | 3,280 |
| | <u>\$ 6,232</u> | <u>\$ 5,843</u> |
| Reconciliation of operating loss to net cash used for operating activities: | | |
| Operating loss | \$ (336) | \$ (341) |
| Adjustments | | |
| Depreciation | 17 | 17 |
| Change in land held for resale | (11) | 7 |
| Change in deferred inflows | - | (12) |
| Change in receivables and other assets | 26 | 14 |
| Change in payables and other liabilities | (319) | 251 |
| Net cash used for operating activities | <u>\$ (623)</u> | <u>\$ (64)</u> |

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

TULSA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (In thousands of dollars)
Years Ended June 30, 2025 and 2024

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

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

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

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

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

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

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

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

TULSA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (In thousands of dollars)
Years Ended June 30, 2025 and 2024

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

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

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

NOTES RECEIVABLE - Notes receivable represent loans made to developers as a part of the Authority's Vision 2025 and Downtown Housing projects. These loans are to be made to promote the economic vitality of the City's downtown and are for voter-approved projects. Sales tax dollars from the City are transferred to the Authority to administer the loans and returned to the City upon repayment, which are reflected as nonoperating payments to the primary government on the statement of revenues, expenses and changes in net position. These notes are fully collateralized by the mortgages on the properties or an irrevocable letter of credit.

RESTRICTED NOTES RECEIVABLE – Restricted notes also include funds provided by sales tax revenue and ad valorem tax revenue which are restricted for capital projects and developer programs by enabling legislation.

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

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

| | <u>Estimated Service Life</u> |
|-----------|-------------------------------|
| Buildings | 50 years |
| Equipment | 5 to 15 years |

TULSA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (In thousands of dollars)
Years Ended June 30, 2025 and 2024

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

NET POSITION - Net position of the Authority represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows or resources. Investment in capital assets consists of capital assets net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Authority first applies restricted resources. As of June 30, 2025, \$3,611, \$3,605, and \$119 were restricted for capital projects, development projects and other purposes, respectively. As of June 30, 2024, \$1,713, \$4,699, and \$43 were restricted for capital projects, development projects and other purposes, respectively. Unrestricted net position is assets less liabilities and deferred inflows of resources that do not meet the definition of investment in capital assets or restricted.

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

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

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

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

Nonoperating revenue consists of interest earned on deposits, payments from the City, grant revenue from other governmental entities and contributions.

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

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

TULSA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (In thousands of dollars)
Years Ended June 30, 2025 and 2024

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

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

2. CASH DEPOSITS AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS - Cash deposits of the Authority are held within the City's pooled portfolio. The City's pooled portfolio consists primarily of time deposits and other securities guaranteed by the United States Government or its agencies. At June 30, 2025 and 2024, the Authority maintained balances of \$6,232 and \$5,843, respectively, in the City's pooled portfolio which represented .41% and .43%, 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, 2025 and 2024.

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

3. LEASES

The Authority leases a commercial office building to multiple tenants. All of these leases are month to month.

TULSA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (In thousands of dollars)
Years Ended June 30, 2025 and 2024

4. CAPITAL ASSETS

The changes in capital assets during the year ended June 30, 2025 and 2024 are summarized as follows:

| | Beginning | | | Ending |
|---------------------------------------|------------------|------------------|------------------|----------------|
| 2025: | Balance | Increases | Decreases | Balance |
| Non-depreciable capital assets: | | | | |
| Land | \$ 35 | \$ - | \$ (35) | \$ - |
| Total non-depreciable capital assets | 35 | - | (35) | - |
| Depreciable capital assets: | | | | |
| Buildings | 629 | - | - | 629 |
| Equipment | 13 | - | - | 13 |
| Total depreciable capital assets | 642 | - | - | 642 |
| Less accumulated depreciation: | | | | |
| Buildings | (468) | (15) | - | (483) |
| Equipment | (9) | (2) | - | (11) |
| Total accumulated depreciation | (477) | (17) | - | (494) |
| Total depreciable capital assets, net | 165 | (17) | - | 148 |
| Capital assets, net | \$ 200 | \$ (17) | \$ (35) | \$ 148 |
| 2024: | Beginning | | | Ending |
| | Balance | Increases | Decreases | Balance |
| Non-depreciable capital assets: | | | | |
| Land | \$ 35 | \$ - | \$ - | \$ 35 |
| Total non-depreciable capital assets | 35 | - | - | 35 |
| Depreciable capital assets: | | | | |
| Buildings | 629 | - | - | 629 |
| Equipment | 13 | - | - | 13 |
| Total depreciable capital assets | 642 | - | - | 642 |
| Less accumulated depreciation: | | | | |
| Buildings | (453) | (15) | - | (468) |
| Equipment | (7) | (2) | - | (9) |
| Total accumulated depreciation | (460) | (17) | - | (477) |
| Total depreciable capital assets, net | 182 | (17) | - | 165 |
| Capital assets, net | \$ 217 | \$ (17) | \$ - | \$ 200 |

TULSA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (In thousands of dollars)
Years Ended June 30, 2025 and 2024

5. NOTES RECEIVABLE

The balance of notes receivable to developers was \$3,433 and \$3,428 at June 30, 2025 and 2024, respectively. There was no allowance as of the years ended June 30, 2025 and 2024. The notes to developers bear an interest rate ranging from zero to 6.0 percent per annum until the due date. The notes are due at various dates ranging from fiscal year 2025 through 2030. The notes are secured by either a first or second mortgage on the underlying real estate or an irrevocable letter of credit. Interest due at June 30, 2025 and 2024 totaled \$58 and \$41, respectively.

Principal Payments Due in Subsequent Years:

| | |
|-------|-----------------|
| 2026 | \$ 495 |
| 2027 | 768 |
| 2028 | - |
| 2029 | 500 |
| 2030 | <u>1,670</u> |
| Total | <u>\$ 3,433</u> |

6. RISK MANAGEMENT

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

7. GENERAL LITIGATION

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

TULSA DEVELOPMENT AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (In thousands of dollars)
Years Ended June 30, 2025 and 2024

8. RELATED-PARTY TRANSACTIONS

During the years ended June 30, 2025 and 2024, the Authority conducted the following transactions with related parties:

| | <u>2025</u> | <u>2024</u> |
|--|-------------|-------------|
| Contributions of sales tax dollars from the City for developer loans | \$ (2,000) | \$ - |
| Capital contributions to City for capital improvements | \$ 1,301 | \$ 1,090 |
| Payments to TAE0 for management services | \$ 150 | \$ 200 |

In November 2015, the Authority entered into a non-interest bearing \$250 developer loan initially due February 2021. In the event of default, terms of the loan stipulated that interest would be charged at 6.0 percent. In August 2020, a member of the developer became a contractor of the Authority and was also responsible for the management of the Authority.

In February 2021, the Authority granted a 14-month extension of the note with no interest during the extension period. In July 2021, TAE0 assumed management of the Authority and the contractor became an employee of TAE0 and participates in the management of the Authority. In April 2022, the developer agreed to pay interest at a rate of 6.0 percent until full repayment.

In May of 2024, the Authority granted an additional extension of three years, and re-structured the loan. Under the amended loan, the unpaid accrued interest was added to the outstanding principal balance of \$250. Interest and principal payments will be collected beginning January 2025, with a balloon payment of remaining outstanding interest and principal due May 2027.

9. COMMITMENTS

The Authority has construction and loan commitments outstanding of \$554 and \$606 as of June 30, 2025 and 2024, respectively, related to sales tax, tax increment financing and redevelopment projects. The commitments are available for future periods until the commitment is either fully spent or the project is complete, and the Authority is relieved of the remaining commitment.

10. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS

The GASB has issued several new accounting pronouncements which will be effective to the Authority in subsequent year. A description of the new accounting pronouncements, the fiscal year in which they are effective, and the Authority's consideration of the impact of the material pronouncements effecting the Authority are described below:

GASB Statement No. 103 – *Financial Reporting Model Improvements*, Issued in April 2024, this Statement will be effective for the Authority beginning with its fiscal year ending June 30, 2026. This Statement will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues.