

CITY OF TULSA, OKLAHOMA
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
YEAR ENDED: JUNE 30, 2017



TEN YEAR **BOK** ANNIVERSARY

MAYOR

G.T. BYNUM

DIRECTOR OF FINANCE

MICHAEL P. KIER, CPFO

CONTROLLER

NORMAN E. KILDOW, CPA, MBA, CPFO

CITY OF TULSA, OKLAHOMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED: JUNE 30, 2017

PREPARED BY: CITY OF TULSA FINANCE DEPARTMENT



TEN YEAR **BOK** ANNIVERSARY

**CITY OF TULSA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year ended June 30, 2017**

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SECTION 1
INTRODUCTORY SECTION



E A **BOK** E S



DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR OF FINANCE
OFFICE OF THE CONTROLLER
175 E. Second Street, Suite 575
Tulsa, Oklahoma 74103

December 19, 2017

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Tulsa, Oklahoma (the City) for the year ended June 30, 2017. The CAFR is provided to give detailed information about the financial position and activities of the City.

City management is responsible for both the accuracy of the presented data and the completeness and fairness of presentations, including all disclosures. We believe the data, as presented, is accurate in all material respects and are presented in a manner which fairly sets forth the financial position and results of operations of the City. The CAFR has been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), the standard-setting body for governmental accounting and financial reporting and based upon a comprehensive framework of internal control which are established for this purpose. The objective of a system of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Under Oklahoma state law, municipalities are to publish a complete set of audited financial statements. This report fulfills that requirement for the year ended June 30, 2017. To the best of our knowledge and belief, the enclosed report is accurate in all material respects and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. The accompanying disclosures are necessary to enable the reader to gain the full understanding of the City's financial affairs.

Independent Auditor's Report

The basic financial statements and related notes have been audited by RSM US LLP, an independent firm of Certified Public Accountants. RSM US LLP concluded that there was a reasonable basis to render an unmodified opinion on the financial statements of each opinion unit that collectively comprise the City's basic financial statements, concluding that the basic financial statements are fairly presented in conformity with U.S. GAAP. The independent auditor's report can be found on page A-1 of the Financial Section of this CAFR.

Grant awards were audited under the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the Compliance report was issued separately.

Management's Discussion and Analysis (MD&A)

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

PROFILE OF THE CITY OF TULSA

The City encompasses an area of approximately 201.5 square miles located in northeastern Oklahoma, at the edge of the foothills of the Ozarks, along the Arkansas River. The northeastern part of Oklahoma is often called "Green Country" due to its wooded terrain in the rolling Ozark foothills. With an elevation of 700 feet above sea level and its temperate climate, the City experiences continually changing weather conditions during all four seasons of the year. The average daily temperature is 61 degrees and the average annual rainfall is 40 inches.

Incorporated on January 8, 1898 and following the discovery in 1901 of oil in the nearby town of Red Fork, Tulsa grew quickly, reaching a population of 7,298 by statehood in 1907. Tulsa's current population is 403,890 people, representing a 0.11% increase over 2016. Tulsa, the hub and seat of Tulsa County, is the second largest city in Oklahoma, providing commerce, industrial, transportation and financial services for a metropolitan area of 991,771 people.

Under a Mayor-Council form of government, the Mayor, serving as the chief executive of the City, is responsible for City operations. The City Council, the legislative branch of the government, consists of nine members, each representing a distinct geographic district. The City Auditor is responsible for the City's Internal Audit Department. The Mayor and City Auditor are elected at large.

Services

The City provides a full range of basic municipal services, including police and fire protection, street construction, parks, neighborhood revitalization and land use regulation, and other infrastructure, recreational activities, and cultural events. The following services are provided through an array of legally separate entities incorporated into this report as component units:

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

Budgetary Process and Controls

The Mayor prepares the annual proposed budget and presents it on or before April 30th to the City Council. The Council reviews, refines, changes, and adopts it according to the policies and priorities it wishes to see implemented. Governmental funds with legally adopted annually budgets are the General Fund and the Sales Tax Fund (a capital projects fund).

The City maintains a system of budgetary controls with the objective of maintaining compliance with the City Charter and the Oklahoma Municipal Budget Act. The legal level of budgetary control is the level at which expenditures cannot exceed appropriations. The level of control is by department and category of expenditure within a fund and also by project for capital funds. Expenditures categories are personal services, materials and supplies, other services, debt service, and capital outlay. Expenditures are cash outlays plus encumbrances and encumbrances outstanding at year-end are carried forward to be included in appropriations for the following year.

The Local Economy and Factors Affecting Economic Conditions

The Tulsa Metropolitan Statistical Area (TMSA) comprises 25.2% of the state's population and 30.7% of the state's economy (\$52.1 billion in 2009 constant dollars).

Tulsa has a diverse economy including aerospace manufacturing and aviation, health care, energy, machinery and electrical equipment manufacturing and transportation, and distribution and logistics. The Tulsa Metropolitan Chamber of Commerce reported that several of these sectors have large concentrations of employment in the TMSA relative to the rest of the United States. As concentrations go:

- Aerospace parts manufacturing is 1.5 times more,
- Oil and gas production and machinery manufacturing is 13.5 times more,
- Pump and compressor manufacturing is 16.9 times more,
- Fabricated metal product manufacturing is 2.8 times more,
- Heat-exchanger manufacturing sub-cluster being 54.6 times more than at the U.S. level.

Many of these sectors are positioned to grow within the metro area as the cost of doing business and cost of living are 11% and 8% below the national average respectively. Tulsa has one of the shortest average commute times in the nation. Tulsa is home to some of the nation's larger companies including QuikTrip, ONEOK, and The Williams Companies.

Tulsa received several national recognitions in 2016 and 2017. The International Entertainment Buyers Association declared the BOK Center as the US Arena of the year. In 2016, The Brookings Institute recognized Tulsa as the top performer among US metros for Growth and Inclusion (economic growth as an outcome of regional planning). In 2017, Forbes recognized Tulsa as the top US City for Young Entrepreneurs. Site Selection Group, an Independent Location Advisory firm, recognized Tulsa for producing more manufacturing graduates than any other US city in 2015; as well as reported Tulsa to be the 3rd best US city for new and expanded facilities among Tier II cities. Finally, the New York Times featured Tulsa on their global list of 'Top 50 Places to See' in 2015.

The Bureau of Labor Statistics reported the unemployment rate for the City at June 30, 2017 was seasonally adjusted 4.9%. This was 0.4 points higher than the rate one year ago. The state and national seasonally adjusted average unemployment rates for this same time period were 4.8% and 4.7%, respectively.

Bond Ratings

In their report dated January 2017, Moody's Investors Service assigned and affirmed the City of Tulsa an Aa1 rating with a stable outlook. Standard and Poor's assigned and affirmed an AA rating with a stable outlook to the City's general obligation bonds in their report dated January 2017.

Long-term Financial Planning

The City of Tulsa utilizes these primary planning tools to assist policy makers in addressing near and long term operating and infrastructure challenges: A Five-Year Financial Forecast and the Capital Improvements Plan (CIP).

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

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

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

Capital Improvements Plan (CIP) - In 1977, Tulsa's governing body adopted a Capital Improvement Plan (CIP) process which outlined a program to build, in an orderly manner, a large backlog of capital projects. Since then, the City has annually updated the five-year CIP schedule. Building on this tradition, the City updated the CIP development process in 2010. The new policy requires departmental justification of expansion projects based on the projects potential return on investment (ROI), its potential leverage and linkages to other projects, and its contribution to the City's strategic initiatives. Additionally, all replacement and rehabilitation projects have been ranked and placed in tiers based on their contribution to public safety, asset preservation, and core service provision. Virtually all of the financing has been provided by four sources: General Obligation (GO) bonds, dedicated sales tax, user fees (pay as you go and a source to repay revenue bonds), and state and federal financial assistance. Local voters have continually validated this approach as 75% of all GO bond and sales tax proposals have been approved since the elected officials adopted the formal Capital Improvements Planning process.

Financial Policies

The City follows a comprehensive set of Financial Policies to ensure the City's financial resources are managed prudently. Policies are shaped by state law and approved by the City Council through the budget adoption process. These financial policies govern the City's budgeting and financial planning, capital planning, revenue, investment, debt management, and procurement. Descriptions of these policies are available in the City's annual budget publication which may be obtained from the City's website, www.cityoftulsa.org.

Such policies, as shaped by state law and Government Finance Officers Association of the United States and Canada (GFOA) Best Practices, advise that total resources will be sufficient to support current operating expenses. Additionally, the City has established and shall maintain an operating reserve in the General Fund to provide for revenue shortfalls or to meet unexpected increases in service delivery costs. The reserve is set annually and was set at 6.39% of the General Fund appropriated expenditures for 2017.

The City created an Economic Stabilization Reserve in 2012. In an emergency situation, upon meeting certain triggers, the City may draw on this pool of reserves in the event of declining revenues. The balance of the reserve was \$2 million in 2017.

Major Initiatives (with a Significant Impact on Revenue or Expenditure Trends)

The City is pleased to have initiated or continued several projects independently and in conjunction with private partners during the year. These projects provide enhancements for the general public with anticipated positive impacts on revenue and expenditure trends in the future.

- *Municipal Lock Down Facility* - In an effort to increase service level efficiencies and reduce inmate housing costs, in mid Fiscal Year 2018 the City plans to discontinue services with Tulsa County and instead begin to utilize the current Court Holding Facility at the City of Tulsa Police-Courts Building. The new municipal lock-up facility will be used for persons facing municipal charges. Additionally, the City shall contract for 16 detention officers and hire two-sworn Tulsa Police Department supervisors to manage the facility. Renovations to the site will include adding beds, showers, kitchen facilities, and other permanent improvements to meet required housing standards. As part of this transition, the City shall contract with Okmulgee County to hold municipal inmates in the interim. This should reduce the City's housing rates from \$69.00 to \$48.00 per day.
- *Inebriate Program* - In Fiscal Year 2018, the City began meeting with stake-holders within the Police Department and related local social/mental health organizations in order to launch a Municipal Inebriate Program. Upon implementation, individuals arrested for public intoxication (not including DUI) will be offered the opportunity to go to the public inebriate alternative center rather than be booked into jail. At the center, they will recover from their intoxication, be provided with counseling and treatment information, and then released the next day with no additional criminal record. This approach is more cost effective than jail as it requires less time from the responding officer; as it should take 15 minutes to drop an individual off at the center, as opposed to the average hour and a half it takes an officer to book an individual into jail. This program should serve as a force multiplier, as responding officers are allowed to return to duty immediately thereby reducing understaffing and overtime costs, as additional officers are no longer necessary to fill service gaps created by burdensome booking. The non-profit community has offered to cover the capital expense for the center's construction while the city will fund its operation.

Awards

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tulsa for its comprehensive annual financial report for the year ended June 30, 2016. This was the 35th consecutive year that the City of Tulsa has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

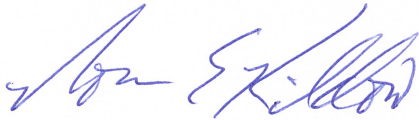
The City also received the GFOA's Distinguished Budget Presentation Award for its 2017 annual budget document. This was the 22st consecutive year for the City of Tulsa. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgements

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Finance Department Accounting Division. Other departments and offices of the City contributed directly or indirectly to the preparation of this report; the Budget Division and the Treasury Division as well as other staff and departments throughout the City. We express our appreciation to all who assisted in this effort.

We express our appreciation and acknowledge the thorough, professional, and timely manner in which our independent auditor, RSM US LLP, conducted the audit.

Finally, we acknowledge the Mayor and Council members who have consistently supported the City's goal of excellence in all aspects of financial management. Their support is greatly appreciated.



Norman E. Kildow, CPA, MBA, CPFO
Controller



Michael P. Kier, CPFO
Director of Finance

**CITY OF TULSA,
LIST OF PRINCIPAL OFFICIALS
As of June 30, 2017**

MAYOR

G. T. Bynum

CITY COUNCIL MEMBERS

| | |
|--------------------------|------------|
| Vanessa Hall-Harper..... | District 1 |
| Jeannie Cue..... | District 2 |
| David Patrick..... | District 3 |
| Blake Ewing..... | District 4 |
| Karen Gilbert..... | District 5 |
| Connie Dodson..... | District 6 |
| Anna America..... | District 7 |
| Phil Lakin, Jr. | District 8 |
| Ben Kimbro | District 9 |

CHIEF OF STAFF

Jack Blair

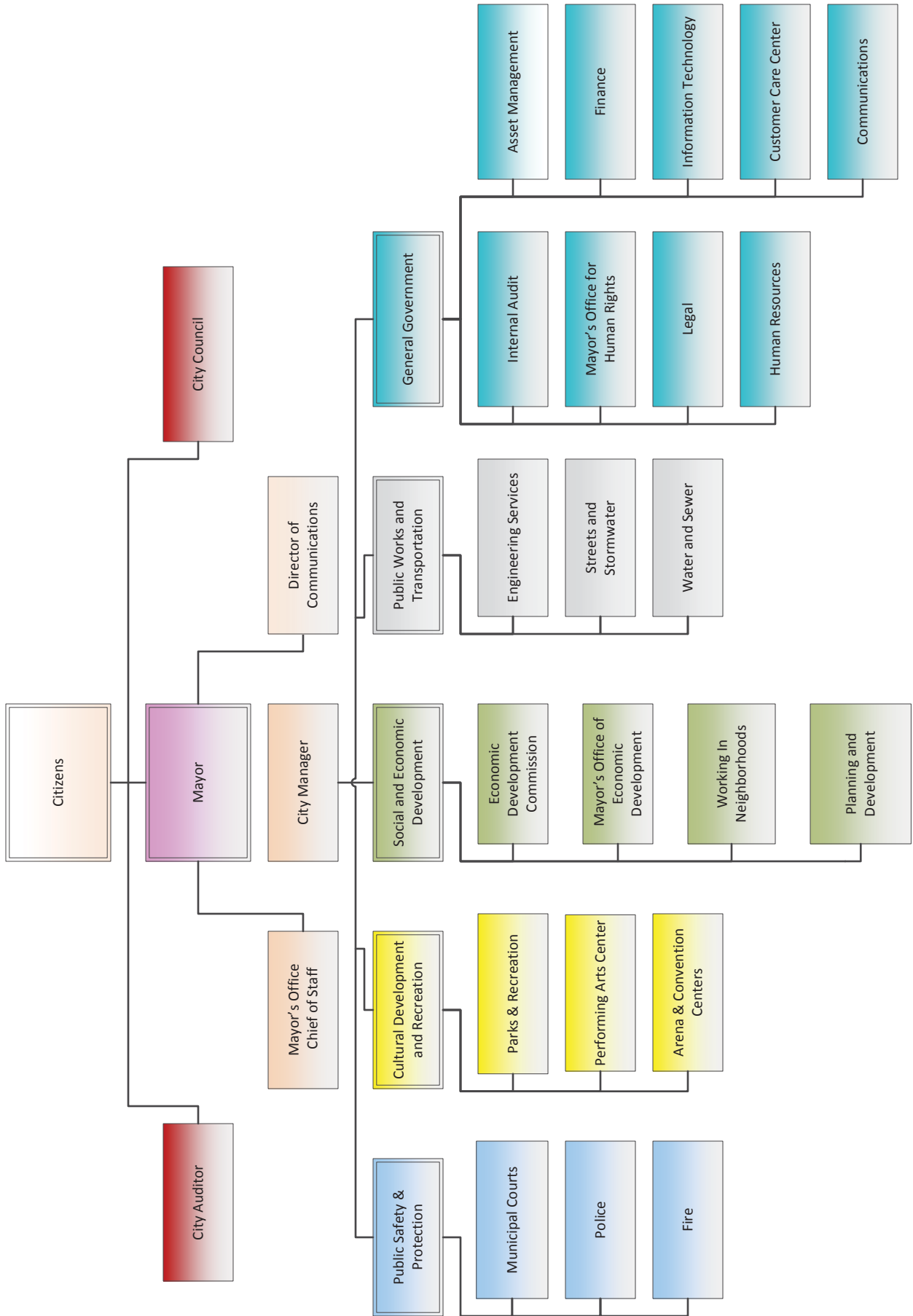
DIRECTOR OF FINANCE

Michael P. Kier, CPFO

CITY AUDITOR

Cathy Criswell

ORGANIZATION CHART





Government Finance Officers Association

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Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Tulsa
Oklahoma**

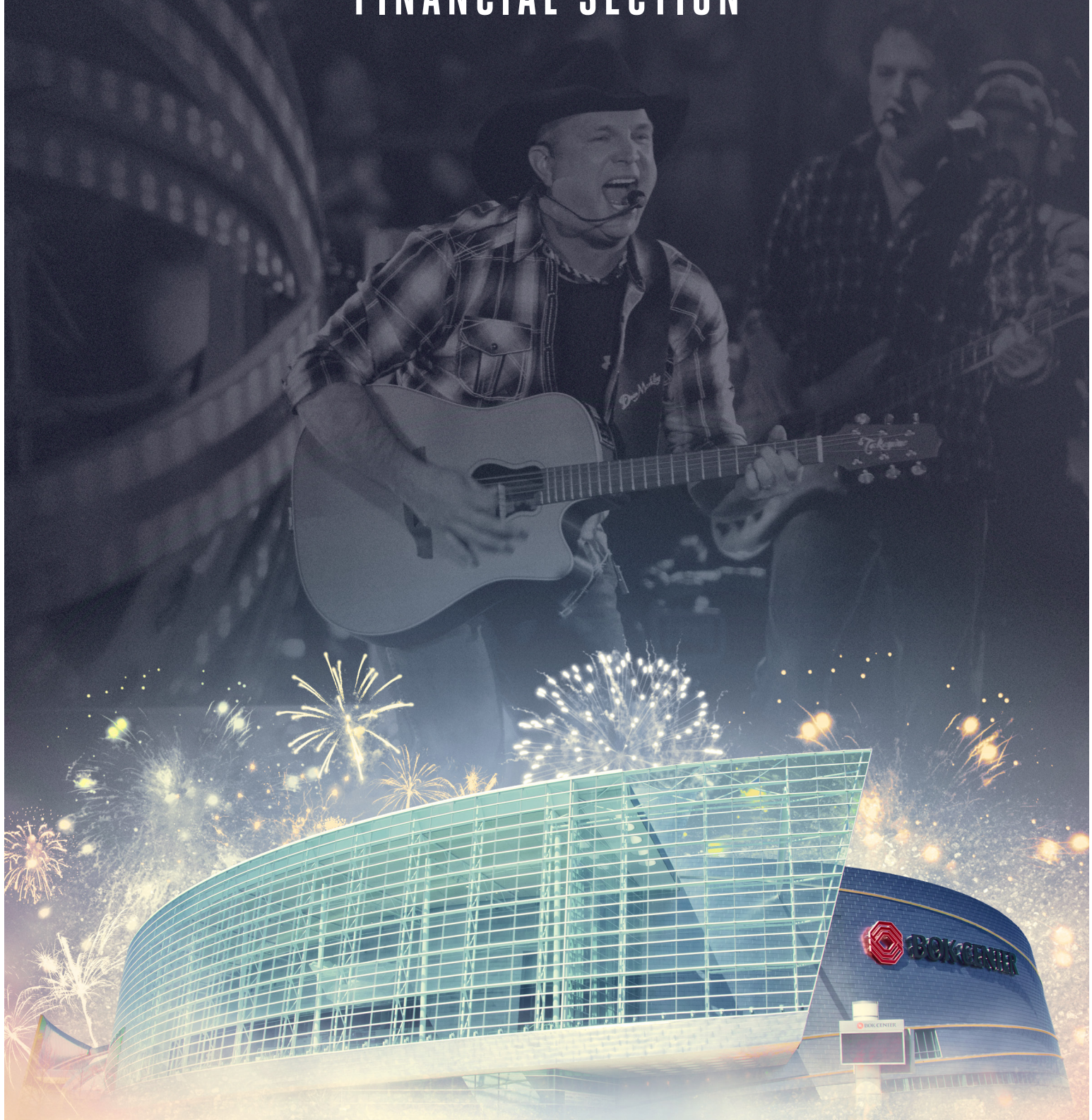
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

SECTION 2

FINANCIAL SECTION



GARTH **BOK** BROOKS



Independent Auditor's Report

RSM US LLP

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tulsa, Oklahoma (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tulsa Industrial Authority (TIA), which is a discretely presented component unit of the City. The financial statements of TIA comprise 0.6 percent of total assets and 0.1 percent of total revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of the Tulsa Stadium Trust (TST), which is a blended component unit and major enterprise fund of the City. The financial statements of TST comprise 7 percent of total assets and 0.4 percent of total revenues of the business-type activities and represent 100 percent of the assets and revenues of the TST major enterprise fund. Also, we did not audit the financial statements of The Operations of the BOK Center, as managed by SMG, or The Operations of the Cox Business Center, as managed by SMG, an agent operating these facilities (collectively, SMG), which are included within the financial statements of the Arena and Convention Center Fund, a major enterprise fund of the City. This activity represents 13 percent and 76 percent, respectively, of the total assets and total revenues of the Arena and Convention Center major enterprise fund, and 4 percent and 23 percent, respectively, of the total assets and total revenues of the business-type activities. Those statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for TIA, TST, The Operations of the BOK Center, as managed by SMG, and The Operations of the Cox Business Center, as managed by SMG, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tulsa, Oklahoma, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the pension and postemployment information, and the Budgetary Comparison schedule, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory, statistical sections and other schedules, as listed in the table of contents, have 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 them.

RSM US LLP

Kansas City, Missouri
December 19, 2017

As management of the City of Tulsa, Oklahoma (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with our letter of transmittal in the Introductory Section of this report and the City's financial statements, which follow this management's discussion and analysis. All amounts, unless otherwise indicated, are expressed in thousands of dollars and references to a year, such as 2017, contain an implied reference to the fiscal year, such as "fiscal year 2017."

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at year end by \$2,016,982 (*net position*). Included as a component of net position is unrestricted net position with a deficit of \$172,124. This deficit results primarily from the net pension liability.
- The City's total net position increased \$108,425. Expenses increased \$15,879 compared to last year while revenues experienced of an overall increase of \$49,750 from the prior year.
- At the close of the current year, the City's governmental funds reported combined fund balances of \$689,653 an increase of \$164,430 in comparison with the prior year. Approximately 7% of this amount (\$46,882) is available for spending at the government's discretion (*unassigned fund balance*).
- Unrestricted fund balance (the total of the *committed, assigned, and unassigned* components of *fund balance*) for the general fund was \$53,522, or approximately 19% of total general fund expenditures.
- The City's long-term liabilities increased by \$201,312 during the current year due to the issuance of general obligation debt of \$78,000 for capital improvements and \$115,300 revenue bonds for capital improvements offset by scheduled debt service payments of \$49,479 and a net increase in the pension liability of \$55,250.
- The sales tax rate increased 0.55% in 2017 to 3.65%. The increase will fund public safety, street maintenance and transportation, and capital projects to enhance economic development. Collections totaled \$20,022 in 2017.

Overview of the Financial Statements

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

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, state law and bond covenants. The fund financial statements provide the reader with information about the City's most significant funds - not the City as a whole.

Fund Financial Statements, continued

The funds of the City are divided into three categories:

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

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page FN-1.

Other Information

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

Municipal Employees' Retirement Plan (MERP) -

- Schedule of Changes in Net Pension Liability
- Schedule of City's Proportionate Share
- Schedule of City's Contributions
- Schedule of Investment Returns
- Schedule of Actuarial Valuation, Methods and Assumptions

Oklahoma Firefighters Pension and Retirement System-

- Schedule of City's Proportionate Share
- Schedule of City's Contributions

Oklahoma Police Pension and Retirement System-

- Schedule of City's proportionate Share
- Schedule of City's Contributions

General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis)

Supplemental Combining and Individual Fund Financial Statements - Combining and Individual Fund Financial Statements, which include nonmajor governmental funds, internal service funds, fiduciary funds, and nonmajor discretely presented component units are presented immediately following the RSI. This section also includes budget to actual schedules for certain special revenue funds and additional General Fund budgetary schedules.

Government-Wide Financial Analysis

Net Position of the City of Tulsa - As of June 30, 2017, the City's *combined* net position was \$2,017 million. Total assets and deferred outflows increased \$288 million or 10% while liabilities and deferred inflows of resources increased \$180 million or 16%. The net position of Governmental activities increased 8% to \$1,476 million in 2017 from \$1,365 million in 2016. Net position of the Business-type activities was \$541 million in 2017 down 1% from \$544 million in 2016.

Government-Wide Financial Analysis, continued

| | Governmental | | Business-type | | Total | |
|--------------------------------|---------------------|--------------|----------------------|-------------|--------------|--------------|
| | Activities | | Activities | | | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Current and other assets | \$ 857,905 | \$ 680,469 | \$ 87,485 | \$ 83,927 | \$ 945,390 | \$ 764,396 |
| Capital assets | 1,683,707 | 1,601,163 | 575,070 | 584,108 | 2,258,777 | 2,185,271 |
| Total assets | 2,541,612 | 2,281,632 | 662,555 | 668,035 | 3,204,167 | 2,949,667 |
| Deferred outflows of resources | 85,480 | 49,372 | 3,056 | 5,311 | 88,536 | 54,683 |
| | 2,627,092 | 2,331,004 | 665,611 | 673,346 | 3,292,703 | 3,004,350 |
| Current and other liabilities | 114,818 | 119,890 | 20,352 | 20,744 | 135,170 | 140,634 |
| Long-term liabilities | 935,900 | 730,686 | 102,687 | 106,589 | 1,038,587 | 837,275 |
| Total liabilities | 1,050,718 | 850,576 | 123,039 | 127,333 | 1,173,757 | 977,909 |
| Deferred inflows of resources | 100,572 | 115,861 | 1,392 | 2,023 | 101,964 | 117,884 |
| | 1,151,290 | 966,437 | 124,431 | 129,356 | 1,275,721 | 1,095,793 |
| Net position: | | | | | | |
| Net investment in capital | | | | | | |
| assets | 1,386,778 | 1,288,414 | 498,427 | 504,926 | 1,885,205 | 1,793,340 |
| Restricted | 291,237 | 273,642 | 12,664 | 11,732 | 303,901 | 285,374 |
| Unrestricted | (202,213) | (197,489) | 30,089 | 27,332 | (172,124) | (170,157) |
| | \$ 1,475,802 | \$ 1,364,567 | \$ 541,180 | \$ 543,990 | \$ 2,016,982 | \$ 1,908,557 |

The largest portion of the City's net position (93%) reflects its investment in capital assets, less any outstanding debt that was used to acquire those assets. The City uses capital assets to provide services to its citizens. Accordingly, these assets are not available for future spending. Although the city's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

| Net position category: | Percent of Total | |
|----------------------------------|-------------------------|-------------|
| | 2017 | 2016 |
| Net investment in capital assets | 93% | 94% |
| Restricted | 15% | 15% |
| Unrestricted | -8% | -9% |
| | 100% | 100% |

Government-Wide Financial Analysis, continued

Changes in Net Position of the City of Tulsa – The City's net position increased \$108,425 compared to the prior year increase of \$74,554. The Governmental activities and Business-type activities had an increase and decrease of \$111,235 and \$2,810 respectively.

The City's total revenues increased 8.9% to \$611 million in 2017. Program revenue generated \$206.7 million, consisting of charges for services, federal and state grants, and capital grants/contributions, up from \$163.7 million in 2016. Charges for services within governmental activities increased due to a \$4.3 million increase in general government services fees.

Sales taxes, the largest revenue category, increased 6.5% to \$250.3 million in 2017 from \$234.9 million in 2016. The increase is a result of moderate economic conditions and a 0.55% increase in the sales tax rate dedicated for public safety, public transportation, and economic development programs. Property tax revenue decreased to \$72.1 million in 2017 from \$73.5 million in 2016.

Expenses for the primary government increased 3.3% or \$15.9 million to \$502.4 million. The City's expenses cover a range of services, including public safety, public works, culture and recreation, and social and economic programs. Significant changes include:

- General government expenses increased \$5.2 million (8%). The increase is primarily attributed to increases of \$3.8 million in equipment management expense and \$3.1 million in capital outlay offset by a \$3.4 million decrease in judgements expenses.
- Public safety and protection expenses totaled \$205.9 million, an increase of \$5.2 million (2.6%). Pension expense related to public safety employees increased \$15.8 million. Long-term workers' compensation judgements decreased \$7.7 million and workers' compensation claims decreased \$1.8 million.
- Public Works and Transportation expenses increased \$4.3 million (5.8%) primarily from a \$2.9 million increase in depreciation on capital assets used in these activities.
- Social and economic development expenses decreased \$1 million (2.6%), primarily from a \$0.5 million decrease in spending from federal and state grants and \$0.5 million decrease in economic development services billed from the local chamber of commerce.

Government-Wide Financial Analysis, continued

| | Changes in Net Position | | | | | |
|--------------------------------|-------------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| | Governmental | | Business-type | | Total | |
| | Activities | | Activities | | | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 73,397 | \$ 67,829 | \$ 57,430 | \$ 55,402 | \$ 130,827 | \$ 123,231 |
| Operating grants/contributions | 30,000 | 29,486 | - | - | 30,000 | 29,486 |
| Capital grants/contributions | 40,309 | 6,308 | 5,602 | 4,689 | 45,911 | 10,997 |
| General revenues: | | | | | | |
| Sales taxes | 250,271 | 234,912 | - | - | 250,271 | 234,912 |
| Property taxes | 72,075 | 73,450 | - | - | 72,075 | 73,450 |
| Franchise | 23,235 | 22,620 | - | - | 23,235 | 22,620 |
| Use tax | 25,922 | 23,640 | - | - | 25,922 | 23,640 |
| Hotel/Motel taxes | 7,380 | 7,483 | - | - | 7,380 | 7,483 |
| Intergovernmental revenue | 7,131 | 6,814 | - | - | 7,131 | 6,814 |
| Other | 17,405 | 27,290 | 625 | 1,109 | 18,030 | 28,399 |
| | <u>547,125</u> | <u>499,832</u> | <u>63,657</u> | <u>61,200</u> | <u>610,782</u> | <u>561,032</u> |
| Expenses: | | | | | | |
| General government | 69,279 | 64,141 | - | - | 69,279 | 64,141 |
| Public safety & protection | 205,938 | 200,726 | - | - | 205,938 | 200,726 |
| Public works & transportation | 79,746 | 75,400 | - | - | 79,746 | 75,400 |
| Culture & recreation | 24,949 | 24,124 | - | - | 24,949 | 24,124 |
| Social & economic development | 37,612 | 38,629 | - | - | 37,612 | 38,629 |
| Interest on long-term debt | 12,583 | 11,864 | - | - | 12,583 | 11,864 |
| Stormwater | - | - | 31,429 | 30,084 | 31,429 | 30,084 |
| One Technology Center | - | - | 9,127 | 9,982 | 9,127 | 9,982 |
| Arena & Convention | - | - | 25,199 | 24,910 | 25,199 | 24,910 |
| Tulsa Stadium Trust | - | - | 3,219 | 3,330 | 3,219 | 3,330 |
| Golf courses | - | - | 3,276 | 3,288 | 3,276 | 3,288 |
| | <u>430,107</u> | <u>414,884</u> | <u>72,250</u> | <u>71,594</u> | <u>502,357</u> | <u>486,478</u> |
| Changes before transfers | 117,018 | 84,948 | (8,593) | (10,394) | 108,425 | 74,554 |
| Transfers | (5,783) | (5,479) | 5,783 | 5,479 | - | - |
| Change in Net position | <u>111,235</u> | <u>79,469</u> | <u>(2,810)</u> | <u>(4,915)</u> | <u>108,425</u> | <u>74,554</u> |
| Net position, beginning | 1,364,567 | 1,285,098 | 543,990 | 548,905 | 1,908,557 | 1,834,003 |
| Net position, ending | <u>\$ 1,475,802</u> | <u>\$ 1,364,567</u> | <u>\$ 541,180</u> | <u>\$ 543,990</u> | <u>\$ 2,016,982</u> | <u>\$ 1,908,557</u> |

Government-Wide Financial Analysis, continued

Governmental Activities – The City provides various services to the citizens. The costs of these services generally are only partially supported by direct revenues (*program revenues*). The chart below illustrates the cost of delivering services in the City's governmental activities by comparing the service cost to program revenue.

| | Program Expenses | Program Revenues | Net Cost |
|-------------------------------|-----------------------------|-----------------------------|---------------------|
| General government | \$ 69,279 | \$ 29,763 | \$ (39,516) |
| Public safety and protection | 205,938 | 48,388 | (157,550) |
| Public works & transportation | 79,746 | 52,586 | (27,160) |
| Culture & recreation | 24,949 | 4,420 | (20,529) |
| Social & economic development | 37,612 | 8,549 | (29,063) |
| Interest on debt | 12,583 | - | (12,583) |
| | <u>\$ 430,107</u> | <u>\$ 143,706</u> | <u>\$ (286,401)</u> |

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

The cost of all *governmental* activities this year was \$430.1 million. A portion of the costs were paid by those who directly benefited from the programs (\$73.4 million), or by other governments and organizations that subsidized certain programs with grants and contributions (\$70.3 million). The remaining costs are covered by general revenues. Sales tax makes up the majority of general revenues or 62% in 2017. The City's sales tax rate is 3.65%, of which 1.65% is a special tax dedicated for capital improvements, public safety, public transportation, and economic development. Property taxes fund general obligation debt issued for capital improvements and judgment payments.

| | General Revenues | | | |
|-----------------------------|-------------------------|-----------------------------|-------------------|-----------------------------|
| | 2017 | Percent of Total | 2016 | Percent of Total |
| Sales taxes | \$ 250,271 | 62% | \$ 234,912 | 59% |
| Property taxes | 72,075 | 18% | 73,450 | 19% |
| Franchise tax | 23,235 | 6% | 22,620 | 6% |
| Use tax | 25,922 | 6% | 23,640 | 6% |
| Hotel/Motel taxes and Other | 31,916 | 8% | 41,587 | 11% |
| | <u>\$ 403,419</u> | <u>100%</u> | <u>\$ 396,209</u> | <u>100%</u> |

Business-type Activities – The City also provides services that generally require a charge for the service. These expenses are reported in the business-type activities. The chart below illustrates the cost of those services and the related charges for services along with any related grants and contributions (*program revenues*).

Government-Wide Financial Analysis, continued

| Business-type activities: | Program | Program | Net Cost |
|----------------------------------|------------------|------------------|-------------------|
| | Expenses | Revenues | |
| Arena & Convention | \$ 25,199 | \$ 16,754 | \$ (8,445) |
| One Technology Center | 9,127 | 9,154 | 27 |
| Golf Courses | 3,276 | 2,785 | (491) |
| Tulsa Stadium Trust | 3,219 | 249 | (2,970) |
| Stormwater | 31,429 | 34,090 | 2,661 |
| | <u>\$ 72,250</u> | <u>\$ 63,032</u> | <u>\$ (9,218)</u> |

While program revenues are intended to support the business type activities, transfers from the City augment these activities. The business-type activities received \$5,783 in transfers from the Governmental activities of the City. These transfers included:

- Capital transfers of \$2,405 for Stormwater Management improvements funded by the City's Bond, Sales tax and grant funds were offset by transfers of \$1,792 to the General Fund for payments in lieu of taxes;
- \$2,540 to fund Arena and Convention Center debt service and operations which was provided by City hotel/motel taxes;
- \$2,159 of special assessment taxes used in connection with the ballpark located downtown.

Governmental Funds Financial Analysis

Governmental Funds reported a fund balance of \$689.7 million, up \$164.5 million or 31.3% from 2016. Approximately 7% of the fund balance is unassigned fund balance, which is available for appropriating at the City's discretion. Other categories of fund balance include non-spendable, indicating it is not in spendable form such as inventories and advances to others, restricted, committed or assigned for particular purpose.

The General Fund is the main operating fund of the City and its fund balance decreased to \$56 million in 2017 from \$62 million in 2016. Of this amount \$47.3 million represents unassigned fund balance and approximates 17% of General Fund expenditures compared to \$54.3 million and 19%, in 2016. The fund balance represents approximately 20% of expenditures compared to 21% in 2016. The change in fund balance can be attributed to the following:

- The General Fund's fund balance decreased \$6 million to \$56 million, as expenditures decreased 1.5% while revenues decreased 2.3%.
- Tax revenues decreased \$2.2 million due to modest economic conditions and development activity. Investment income decreased \$4.2 million attributed to the decreases in the fair value of the City's investments.
- Public safety expenditures decreased \$3.8 million primarily due to a \$4 million decrease in personnel service costs.

Governmental Funds Financial Analysis, continued

The remaining Governmental Funds' fund balance increased \$170 million, or 36.7% to \$633.6 million. The majority of fund balance is restricted (99%).

- The Debt Service Fund's fund balance decreased \$2.1 million or 3.3% to \$63.6 million primarily from a decrease of \$4.5 million in revenue from property taxes, a \$7.6 million increase in debt service payments, and a 1.6 million increase in premium on new bonds issued. The fund balance of the Debt service fund is restricted for debt service payments.
- Capital expenditures in the Bond fund decreased 21.6% or \$12.4 million from the prior year, while proceeds from debt issued increased \$21 million or 36.8%. The remaining fund balance of \$197.467 million is restricted for capital improvements.
- The Sales Tax Fund's fund balance increased \$4.4 million or 2.1% over 2016. Sales tax collections decreased \$1.6 million due moderate economic conditions and investment income decreased \$2.7 million due to a decline in the fair value of the City's investments. Payments to component units increased \$3 million. The fund balance of \$215.9 million in the sales tax fund is restricted for capital improvements.
- The Limited-Purpose Sales Tax Fund, new in FY17, fund balance increased \$131.5 million primarily from \$119 million bond proceeds including bond premium as well as \$13.2 million collections of sales and use tax. The fund balance of \$131.5 million is restricted for capital improvements.

Proprietary Funds Financial Analysis

Proprietary funds reported a combined net position of \$541.2 million compared to \$544 million in the prior year.

- The Stormwater Management fund incurred an operating loss of \$2.7 million while receiving \$2.4 million in transfers for capital improvements and \$5.6 million in capital contributions resulting in an increase of \$3.6 million in net position. The fund's net position of \$335.1 million is primarily (95.6%) invested in capital assets.
- One Technology Center fund contributed lease revenue of \$9.2 million, an increase of \$0.2 million from the prior year. The overall net position increased \$0.8 million to a \$4.8 million deficit; largely as a result of decreased operating expenses (primarily a one-time payment in the prior year to terminate a master lease agreement) and a decrease in interest expense.
- The Arena and Convention Center fund contributed revenue of \$16.8 million, an increase of \$1.2 million over the previous year, due to an increase of premier events attracted to the BOK Center while expenses increased \$0.4 million resulting from the same increase in events. The \$7.9 million operating loss is partially offset by transfers in of \$2.5 million. The overall net position decreased \$5.9 million for the year, ending at approximately \$182.1 million.

Budgetary Highlights

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

General Fund Budgetary Highlights

The original 2017 General Fund budget adopted by the Mayor and City Council totaled \$267.5 million. The budget was balanced with revenue estimates of \$267.3 million and \$0.2 million of unassigned fund balance and was 2.6% less than the 2016 original budget. Taking into consideration the 2017 carry over encumbrances and budget amendments, the total authorized expenditure amount was \$274 million for 2017.

| | Original Budget | | Amended Budget | | Budgetary Basis Actual | | Variance | |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|------------------------|-------------------|-------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Revenues: | | | | | | | | |
| Taxes | \$ 203,226 | \$ 204,877 | \$ 198,796 | \$ 200,447 | \$ 194,672 | \$ 198,552 | \$ (4,124) | \$ (1,895) |
| Licenses and permits | 8,342 | 8,121 | 8,342 | 8,121 | 8,112 | 8,398 | (230) | 277 |
| Intergovernmental | 8,323 | 8,128 | 8,323 | 8,128 | 7,457 | 8,411 | (866) | 283 |
| Charges for service | 21,041 | 21,146 | 21,057 | 21,146 | 20,127 | 17,508 | (930) | (3,638) |
| Fines and forfeitures | 8,800 | 9,900 | 8,800 | 9,900 | 8,131 | 7,878 | (669) | (2,022) |
| Investment income | 3,081 | 2,479 | 3,081 | 2,479 | 3,734 | 3,035 | 653 | 556 |
| Payments from component unit | 13,875 | 13,545 | 13,875 | 13,545 | 14,609 | 14,049 | 734 | 504 |
| Miscellaneous | 2,773 | 1,932 | 3,023 | 1,932 | 2,657 | 3,523 | (366) | 1,591 |
| Transfers In | 2,291 | 2,203 | 2,291 | 2,203 | 2,400 | 3,348 | 109 | 1,145 |
| | <u>\$ 271,752</u> | <u>\$ 272,331</u> | <u>\$ 267,588</u> | <u>\$ 267,901</u> | <u>\$ 261,899</u> | <u>\$ 264,702</u> | <u>\$ (5,689)</u> | <u>\$ (3,199)</u> |
| Expenses: | | | | | | | | |
| General government | \$ 40,959 | \$ 42,647 | \$ 40,147 | \$ 39,892 | \$ 38,019 | \$ 38,928 | \$ (2,128) | \$ (964) |
| Public works and transportation | 19,832 | 21,258 | 18,797 | 20,625 | 18,275 | 17,087 | (522) | (3,538) |
| Social and economic development | 11,499 | 12,260 | 11,247 | 11,872 | 11,153 | 11,690 | (94) | (182) |
| Public safety and protection | 165,918 | 169,021 | 169,741 | 172,359 | 168,893 | 171,085 | (848) | (1,274) |
| Culture and recreation | 21,389 | 22,060 | 21,199 | 21,012 | 20,846 | 20,878 | (353) | (134) |
| Payments to component units | 7,344 | 7,619 | 7,344 | 7,238 | 7,344 | 7,238 | - | - |
| Transfers out | 5,566 | 5,717 | 5,566 | 5,717 | 5,566 | 5,717 | - | - |
| | <u>\$ 272,507</u> | <u>\$ 280,582</u> | <u>\$ 274,041</u> | <u>\$ 278,715</u> | <u>\$ 270,096</u> | <u>\$ 272,623</u> | <u>\$ (3,945)</u> | <u>\$ (6,092)</u> |

2017 budgetary basis actual revenues of \$261.9 million fell short of the amended estimate by \$5.7 million or 2.1%. Sales Tax revenue below the estimate was the largest contributor to the variance in tax revenues. Sales Taxes were \$3.6 million below the estimate. Charges for Services were \$0.9 million below estimate primarily due to Paving Cut Repair Charges being \$1 million below estimate. These two revenue sources account for the majority of the variance between budgeted and actual revenue. 2017 budgetary basis actual expenditures were \$270.1 million and were \$3.9 million under the authorized expenditure amount. The 2017 amended budget reflects the total authorized expenditure amount and reflects amendments that increased the budget by \$1.5 million, appropriations for carry over encumbrances of \$5 million and the original budget of \$267.5 million.

General Fund Budgetary Highlights, continued

The 2017 General Fund budget was amended four times during the year. The largest amendment of \$1.2 million reflected an adjustment for a labor contract settlement and higher levels of overtime and retirement payouts than anticipated.

There were no major service level increases in 2017, policy makers were constrained due to revenue receipts below expectations and increased costs related to the labor contract settlement.

Capital Assets and Debt Administration

Capital Assets - At the end of 2017 the City had invested \$2.3 billion in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, and bridges. This amount represents a net increase (after additions, deductions, and depreciation) of \$74 million, or 3.4% during the year (see Note 7 to the financial statements for additional detailed information regarding capital assets). Street improvements funded by the Fix Our Streets bond package and the Third Penny Sales Tax Program contributed to the large increase in Infrastructure.

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

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------|--------------------------------|-----------------|---------------------------------|---------------|-----------------|-----------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Land | \$ 530 | \$ 527 | \$ 98 | \$ 95 | \$ 628 | \$ 622 |
| Works of Art | - | - | 1 | 1 | 1 | 1 |
| Buildings and improvements | 164 | 146 | 457 | 457 | 621 | 603 |
| Equipment | 69 | 68 | 17 | 21 | 86 | 89 |
| Infrastructure | 745 | 680 | - | - | 745 | 680 |
| Construction in progress | 176 | 180 | 2 | 10 | 178 | 190 |
| | <u>\$ 1,684</u> | <u>\$ 1,601</u> | <u>\$ 575</u> | <u>\$ 584</u> | <u>\$ 2,259</u> | <u>\$ 2,185</u> |

Capital Assets and Debt Administration, continued

Long-term Liabilities - At year end, the City had \$724 million in general obligation and revenue bonds outstanding, an increase of 24.2% from last year, as shown below. More detailed information about the City's long-term liabilities is presented in Note 11 to the basic financial statements.

| | Long-term Liabilities | | | | | |
|-----------------------------|--|---------------|---------------------------------|---------------|-----------------|---------------|
| | (dollar amounts expressed in millions) | | | | | |
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| General obligation bonds | \$ 508 | \$ 481 | \$ - | \$ - | \$ 508 | \$ 481 |
| Revenue bonds | 123 | 6 | 92 | 96 | 216 | 102 |
| Other long-term liabilities | 384 | 329 | 14 | 15 | 398 | 344 |
| | <u>\$ 1,016</u> | <u>\$ 816</u> | <u>\$ 106</u> | <u>\$ 111</u> | <u>\$ 1,122</u> | <u>\$ 927</u> |

- General obligation bonds – In March 2017, the City issued General Obligation bonds totaling \$78.7 million which includes \$0.7 million for premium on debt issuance. The proceeds are to be used for street improvements and will be repaid 100% from the debt service fund.
- Revenue Bonds – In June 2017, the City issued Capital Improvement Revenue bonds totaling \$118.5 which includes \$3.2 million for premium. The proceeds are to be used for capital improvements to generate economic development.
- Other long-term liabilities – The City's net pension liability increased \$54.3 million in 2017 to \$327.2.

Economic Factors and Next Year's Budget and Rates

The original 2018 budget is \$826.8 million – a 7.7 percent increase from the original 2017 budget. The operating budget is \$669.9 million and the capital improvement budget totals \$156.9 million. The operating budget increased by 4.3 percent and the capital budget increased by 25.1 percent from 2017.

Development of the budget begins with a review of the economy. All labor figures have now regained losses sustained in the previous recession, and are currently at historic highs. The area labor force gained 1,000 new participants in 2016. This was an increase of 0.21 percent over the previous year. Wage and Salary employment reported its sixth consecutive year of growth, increasing 0.3 percent over 2015, and ended the fiscal year at a seasonally adjusted total of 444,600. Both the greatest nominal and relative growth was sustained in the Service sector, which increased 1.2 percent over the previous fiscal year, and at a median annual rate of 1.04 percent over the previous ten years. The larger Total Employment survey reported a decrease of 0.5 percent over the previous year to total a seasonally adjusted 452,200 in 2016. As Total Employment fell while the labor force grew, the metro jobless rate rose in 2016 to 4.9 percent, an increase of 0.6 points from 2015 (4.3 percent). Retail sales in the TMSA fell by 2 percent in CY16. However, the Oklahoma State University Center for Applied Economic Research (CAER) has forecast retail sales to grow at an annualized rate of 4.5 percent, employment at 1.5 percent and per capita personal income at 5.4 percent; over the coming 4 years.

Economic Factors and Next Year's Budget and Rates, continued

Gross Metro Product (GMP) for the area was estimated to have grown 0.6 percent over the previous year; and is forecast to strengthen in the near future. CAER has forecast an annualized growth rate of 2.8 percent through 2020. Barge freight improved a great deal in 2016, growing 46 percent over the previous year. The infrastructure project which closed several channels in 2015, is now open. Air freight reported steady activity in 2016, missing 2015 record setting total by only 4,000 tons. Considering the conservative growth forecast in both employment and GMP, it is expected that although the pace may be slowing, the local economy will continue to experience modest improvement and continued stability for the near future.

The 2017 budget reflects increases for water and sewer rates. A water rate increase of 4%, a sewer rate increase of 9%, and a stormwater rate increase of 7% are included to address capital needs and debt service in 2018.

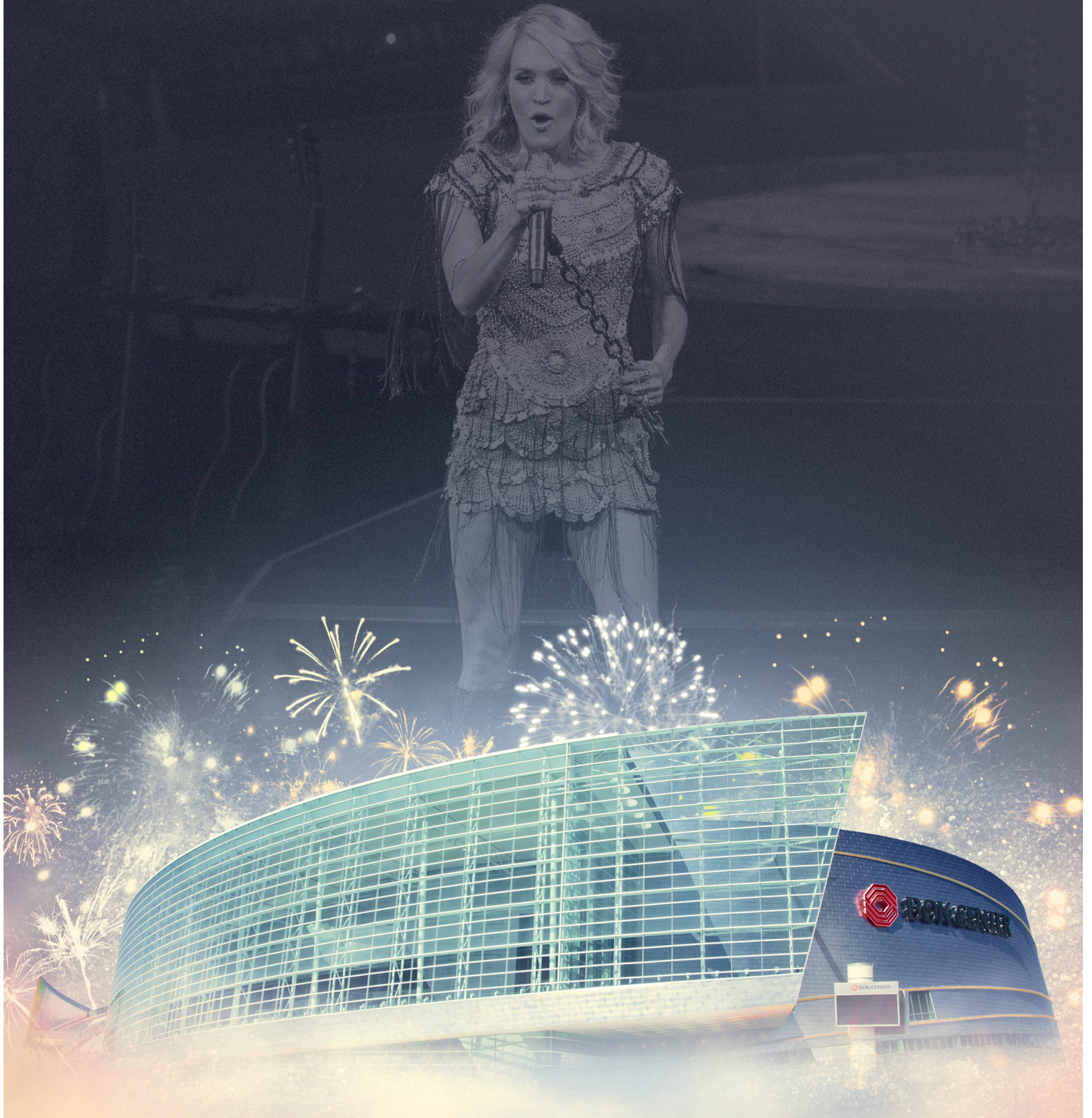
Contacting the City's Financial Management

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

City of Tulsa
Office of the Controller
175 East 2nd Street, Suite 575
Tulsa, Oklahoma 74103

SECTION 2 (CONT'D)

BASIC FINANCIAL STATEMENTS



CARRIE

BOK

ERWOOD

CITY OF TULSA
STATEMENT OF NET POSITION
June 30, 2017
(amounts expressed in thousands)

| | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|---------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash, cash equivalents and investments | \$ 681,254 | \$ 46,254 | \$ 727,508 | \$ 192,090 |
| Cash and cash equivalents - restricted | 393 | 10,940 | 11,333 | 40,998 |
| Investments | - | - | - | 3,624 |
| Investments - restricted | - | - | - | 1,421 |
| Receivables, net | 142,534 | 6,071 | 148,605 | 40,953 |
| Prepaid expenses | - | 604 | 604 | - |
| Internal balances | 2,644 | (2,644) | - | - |
| Inventories | 942 | 384 | 1,326 | 4,132 |
| Other current assets | - | - | - | 1,183 |
| Total current assets | <u>827,767</u> | <u>61,609</u> | <u>889,376</u> | <u>284,401</u> |
| Noncurrent assets: | | | | |
| Cash and cash equivalents - restricted | 31 | 13,401 | 13,432 | 70,348 |
| Receivables, net | - | 10,167 | 10,167 | 21,048 |
| Investments | - | - | - | 4,074 |
| Investments - restricted | 1,066 | 2,307 | 3,373 | 35,181 |
| Advances to primary government | - | - | - | 139 |
| Advances to component units | 3,307 | - | 3,307 | - |
| Land held for resale, net | 2,356 | - | 2,356 | 591 |
| Other assets | 13,722 | 1 | 13,723 | 414 |
| Equity interest in joint ventures | 9,656 | - | 9,656 | 19,674 |
| Nondepreciable capital assets | 706,209 | 101,320 | 807,529 | 271,464 |
| Capital assets, net | 977,498 | 473,750 | 1,451,248 | 1,459,494 |
| Total noncurrent assets | <u>1,713,845</u> | <u>600,946</u> | <u>2,314,791</u> | <u>1,882,427</u> |
| Total assets | <u>2,541,612</u> | <u>662,555</u> | <u>3,204,167</u> | <u>2,166,828</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension related items | 84,090 | 3,056 | 87,146 | 17,845 |
| Deferred charge on refunding | 1,390 | - | 1,390 | 9,070 |
| Total deferred inflows of resources | <u>85,480</u> | <u>3,056</u> | <u>88,536</u> | <u>26,915</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | 34,343 | 6,704 | 41,047 | 28,816 |
| Unearned revenue | - | 8,959 | 8,959 | 601 |
| Advances from primary government | - | - | - | 1,082 |
| Current portion of long-term liabilities | 80,475 | 3,627 | 84,102 | 44,603 |
| Refundable deposits payable from restricted assets | - | - | - | 10,649 |
| Total current liabilities | <u>114,818</u> | <u>19,290</u> | <u>134,108</u> | <u>85,751</u> |
| Noncurrent liabilities: | | | | |
| Advances from primary government | - | - | - | 2,225 |
| Advances from component units | 139 | - | 139 | - |
| Unearned revenue | 439 | 1,054 | 1,493 | - |
| Deposits subject to refund | - | 8 | 8 | 419 |
| Long-term liabilities | 935,322 | 102,687 | 1,038,009 | 647,276 |
| Total noncurrent liabilities | <u>935,900</u> | <u>103,749</u> | <u>1,039,649</u> | <u>649,920</u> |
| Total liabilities | <u>1,050,718</u> | <u>123,039</u> | <u>1,173,757</u> | <u>735,671</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Property tax revenue | 77,171 | - | 77,171 | 2,352 |
| Pension related items | 23,401 | 1,392 | 24,793 | 10,882 |
| Gain on refunding | - | - | - | 69 |
| Total deferred inflows of resources | <u>100,572</u> | <u>1,392</u> | <u>101,964</u> | <u>13,303</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 1,386,778 | 498,427 | 1,885,205 | 1,225,630 |
| Restricted for: | | | | |
| Economic stabilization reserve | 2,000 | - | 2,000 | - |
| Debt service | 48,049 | 790 | 48,839 | 16,185 |
| Capital projects | 222,172 | 10,701 | 232,873 | 15,290 |
| Federal and state grants | 7,445 | - | 7,445 | - |
| Economic development | 2,168 | - | 2,168 | - |
| Transportation | 2,552 | - | 2,552 | - |
| Public safety | 5,235 | - | 5,235 | - |
| Other purposes | 1,616 | 1,173 | 2,789 | 26,728 |
| Unrestricted (deficit) | (202,213) | 30,089 | (172,124) | 160,936 |
| Total net position | <u>\$ 1,475,802</u> | <u>\$ 541,180</u> | <u>\$ 2,016,982</u> | <u>\$ 1,444,769</u> |

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

CITY OF TULSA
STATEMENT OF ACTIVITIES
Year ended June 30, 2017
(amounts expressed in thousands)

| Functions/Programs | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position | | | |
|---|------------------|--------------------------|--------------------------|---|--------------------------|--------------|-----------------|
| | Expenses | Operating | Capital | Governmental Activities | Primary Government | | Component Units |
| | | Grants and Contributions | Grants and Contributions | | Business-type Activities | Total | |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 69,279 | \$ - | \$ - | \$ (39,516) | \$ - | \$ (39,516) | \$ - |
| Public safety and protection | 205,938 | 23,898 | - | (157,550) | - | (157,550) | - |
| Public works and transportation | 79,746 | - | 40,309 | (27,160) | - | (27,160) | - |
| Culture and recreation | 24,949 | - | - | (20,529) | - | (20,529) | - |
| Social and economic development | 37,612 | 6,102 | - | (29,063) | - | (29,063) | - |
| Interest on long-term debt | 12,583 | - | - | (12,583) | - | (12,583) | - |
| Total governmental activities | 430,107 | 30,000 | 40,309 | (286,401) | - | (286,401) | - |
| Business-type activities: | | | | | | | |
| Stormwater | 31,429 | - | 5,602 | - | 2,661 | 2,661 | - |
| One Technology Center | 9,127 | - | - | - | 27 | 27 | - |
| Arena & Convention | 25,199 | - | - | - | (8,445) | (8,445) | - |
| Tulsa Stadium Trust | 3,219 | - | - | - | (2,970) | (2,970) | - |
| Golf Courses | 3,276 | - | - | - | (491) | (491) | - |
| Total business-type activities | 72,250 | - | 5,602 | - | (9,218) | (9,218) | - |
| Total primary government | \$ 502,357 | \$ 30,000 | \$ 45,911 | (286,401) | (9,218) | (295,619) | - |
| Component units: | | | | | | | |
| Clean water and waste water systems | 167,618 | - | 13,293 | - | - | - | 72,367 |
| Refuse collection and disposal | 24,853 | - | 7 | - | - | - | 2,295 |
| Airport services | 48,768 | 8,426 | 5,174 | - | - | - | (1,383) |
| Other component units | 30,960 | 7,276 | 8,147 | - | - | - | (3,972) |
| Total component units | \$ 272,199 | \$ 15,702 | \$ 26,621 | - | - | - | 69,307 |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Sales tax | | | | 250,271 | - | 250,271 | 122 |
| Property tax | | | | 72,075 | - | 72,075 | 4,839 |
| Franchise tax | | | | 23,235 | - | 23,235 | - |
| Use tax | | | | 25,922 | - | 25,922 | - |
| Hotel/Motel tax | | | | 7,380 | - | 7,380 | - |
| Intergovernmental revenue, unrestricted | | | | 7,131 | - | 7,131 | - |
| Funding from primary government | | | | - | - | - | 7,699 |
| Payments in lieu of taxes | | | | 15,094 | - | 15,094 | - |
| Unrestricted investment earnings (loss) | | | | (551) | 593 | 42 | 722 |
| Miscellaneous | | | | 2,569 | - | 2,569 | 76 |
| Gain on disposal of capital assets | | | | 293 | 32 | 325 | 498 |
| Transfers | | | | (5,783) | 5,783 | - | - |
| Total general revenues and transfers | | | | 397,636 | 6,408 | 404,044 | 13,956 |
| Change in Net position | | | | 111,235 | (2,810) | 108,425 | 83,263 |
| Net position--beginning of year | | | | 1,364,567 | 543,990 | 1,908,557 | 1,361,506 |
| Net position--end of year | | | | \$ 1,475,802 | \$ 541,180 | \$ 2,016,982 | \$ 1,444,769 |

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

**CITY OF TULSA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017
(amounts expressed in thousands)**

| | General | Debt Service | Bond | Sales Tax | Limited-Purpose Sales Tax | Other Governmental Funds | Total Governmental Funds |
|---|-----------|--------------|------------|------------|---------------------------|--------------------------|--------------------------|
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 32,490 | \$ 62,931 | \$ 205,244 | \$ 214,317 | \$ 127,518 | \$ 21,073 | \$ 663,573 |
| Receivables, net | 29,966 | 80,941 | - | 12,067 | 3,967 | 14,974 | 141,915 |
| Due from other funds | 1,209 | - | - | - | - | - | 1,209 |
| Land held for resale | 44 | - | - | - | - | - | 44 |
| Advances to other funds | 146 | - | - | - | - | - | 146 |
| Advances to component units | 326 | - | - | - | - | - | 326 |
| Total assets | \$ 64,181 | \$ 143,872 | \$ 205,244 | \$ 226,384 | \$ 131,485 | \$ 36,047 | \$ 807,213 |
| Liabilities | | | | | | | |
| Accounts payable and accrued liabilities | 7,433 | - | 7,765 | 10,524 | - | 2,699 | 28,421 |
| Unearned revenue | 175 | - | - | - | - | 264 | 439 |
| Due to other funds | - | - | - | - | - | 1,209 | 1,209 |
| Advances from component units | 127 | - | 12 | - | - | - | 139 |
| Total liabilities | 7,735 | - | 7,777 | 10,524 | - | 4,172 | 30,208 |
| Deferred inflows of resources | | | | | | | |
| Unavailable revenue - property taxes | - | 80,285 | - | - | - | - | 80,285 |
| Unavailable revenue - special assessments | - | - | - | - | - | 96 | 96 |
| Unavailable revenue - intergovernmental | - | - | - | - | - | 6,563 | 6,563 |
| Unavailable revenue - long-term receivables | 408 | - | - | - | - | - | 408 |
| Total unavailable revenue | 408 | 80,285 | - | - | - | 6,659 | 87,352 |
| Fund balances | | | | | | | |
| Nonspendable | 516 | - | - | - | - | - | 516 |
| Restricted | 2,000 | 63,587 | 197,467 | 215,860 | 131,485 | 18,963 | 629,362 |
| Committed | - | - | - | - | - | 6,672 | 6,672 |
| Assigned | 6,221 | - | - | - | - | - | 6,221 |
| Unassigned | 47,301 | - | - | - | - | (419) | 46,882 |
| Total fund balances | 56,038 | 63,587 | 197,467 | 215,860 | 131,485 | 25,216 | 689,653 |
| Total liabilities, deferred inflows and fund balances | \$ 64,181 | \$ 143,872 | \$ 205,244 | \$ 226,384 | \$ 131,485 | \$ 36,047 | \$ 807,213 |

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

| | |
|--|-----------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds | 1,672,427 |
| Internal service funds are used by management to charge costs of equipment management, employee insurance and office services. | |
| The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position | 10,905 |
| Assets, liabilities and deferred outflows and inflows included in governmental activities statement of net position but not in governmental funds: | |
| Internal balances due to elimination of internal service funds | 2,644 |
| Land held for resale | 2,356 |
| Facility use lease asset | 13,722 |
| Deferred pension outflows | 82,807 |
| Investment in joint venture is not reported in the funds | 9,656 |
| Deferred charge on debt refunding | 1,390 |
| Accrued interest payable | (4,530) |
| Deferred pension inflows | (22,747) |
| Unavailable revenue - property taxes | 3,114 |
| Unavailable revenue - intergovernmental and long-term receivables | 6,971 |
| Unavailable revenue - special assessments | 96 |

Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds

The detail of the individual long-term liabilities is as follows:

| | |
|---|---------------------|
| General obligation debt | (492,076) |
| Unamortized bond premium | (19,895) |
| Revenue bonds | (115,300) |
| Compensated absences | (32,690) |
| Arbitrage rebate payable | (13) |
| Other post employment benefits liability | (7,258) |
| Net pension liability | (309,988) |
| Judgments | (14,416) |
| Payable to other governments | (1,026) |
| Governmental activities net position | \$ 1,475,802 |

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

CITY OF TULSA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2017
(amounts expressed in thousands)

| | General | Debt Service | Bond | Sales Tax | Limited-Purpose Sales Tax | Other Governmental Funds | Total Governmental Funds |
|--|------------|-----------------|------------|------------|------------------------------|--------------------------------|--------------------------------|
| Revenues | | | | | | | |
| Sales tax | \$ 148,505 | \$ - | \$ - | \$ 81,744 | \$ 11,103 | \$ 8,919 | \$ 250,271 |
| Property tax | - | 68,961 | - | - | - | - | 68,961 |
| Franchise tax | 22,731 | - | - | - | - | 504 | 23,235 |
| Use tax | 23,789 | - | - | - | 2,133 | - | 25,922 |
| Hotel/motel tax | 148 | - | - | - | - | 7,232 | 7,380 |
| Special assessment tax | - | - | - | - | - | 3,392 | 3,392 |
| Charges for services | 19,205 | - | - | - | - | 10,838 | 30,043 |
| Intergovernmental revenues | 28,764 | - | - | - | - | 13,585 | 42,349 |
| Fines and forfeitures | 8,131 | - | - | - | - | 95 | 8,226 |
| Investment income (loss) | 716 | - | - | 262 | (29) | (21) | 928 |
| Licenses, permits and fees | 8,111 | - | - | - | - | - | 8,111 |
| Program income from grants | - | - | - | - | - | 1,382 | 1,382 |
| Payments in lieu of taxes | 14,836 | - | - | - | - | 10 | 14,846 |
| Miscellaneous | 1,802 | - | 252 | 146 | - | 247 | 2,447 |
| Total revenues | 276,738 | 68,961 | 252 | 82,152 | 13,207 | 46,183 | 487,493 |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| General government | 36,662 | - | - | 3,092 | - | 145 | 39,899 |
| Public safety and protection | 189,006 | - | - | - | - | 9,821 | 198,827 |
| Public works and transportation | 21,222 | - | 157 | - | - | 1,394 | 22,773 |
| Culture and recreation | 20,146 | - | - | 32 | - | 621 | 20,799 |
| Social and economic development | 11,194 | - | - | - | - | 12,723 | 23,917 |
| Capital and operating funding to component units | 7,344 | - | - | 6,779 | - | 100 | 14,223 |
| Capital outlay | - | - | 46,295 | 62,631 | - | 11,727 | 120,653 |
| Debt service | - | 76,578 | - | - | 704 | - | 77,282 |
| Total expenditures | 285,574 | 76,578 | 46,452 | 72,534 | 704 | 36,531 | 518,373 |
| Excess (deficiency) of revenues over expenditures | (8,836) | (7,617) | (46,200) | 9,618 | 12,503 | 9,652 | (30,880) |
| Other financing sources (uses) | | | | | | | |
| Transfers in | 2,305 | - | - | - | - | 2,068 | 4,373 |
| Transfers out | (85) | - | (1,081) | (5,193) | - | (5,775) | (12,134) |
| Proceeds from sale of capital assets | 608 | - | - | - | - | - | 608 |
| Bond issuance | - | - | 78,000 | - | 115,300 | - | 193,300 |
| Refunding bonds issued | - | 31,200 | - | - | - | - | 31,200 |
| Premium on bonds issued | - | 5,500 | - | - | 3,682 | - | 9,182 |
| Payment to refunded bond escrow agent | - | (31,219) | - | - | - | - | (31,219) |
| Total other financing sources (uses) | 2,828 | 5,481 | 76,919 | (5,193) | 118,982 | (3,707) | 195,310 |
| Net change in fund balances | (6,008) | (2,136) | 30,719 | 4,425 | 131,485 | 5,945 | 164,430 |
| Fund balances, beginning of year | 62,046 | 65,723 | 166,748 | 211,435 | - | 19,271 | 525,223 |
| Fund balances, end of year | \$ 56,038 | \$ 63,587 | \$ 197,467 | \$ 215,860 | \$ 131,485 | \$ 25,216 | \$ 689,653 |

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

CITY OF TULSA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2017
(amounts expressed in thousands)

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

| | |
|---|-------------------|
| Net change in fund balances - total governmental funds | \$ 164,430 |
| Governmental funds report capital outlays expenditures and capital contributions are not recorded. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: | |
| Capital outlays | 106,830 |
| Capital contributions | 30,341 |
| Depreciation expense | (55,930) |
| | 81,241 |
| The effect of miscellaneous transactions involving capital assets: | |
| Gain on disposal of capital assets | 205 |
| Proceeds from sale of capital assets | (338) |
| | (133) |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources: | |
| Bond issuance | (193,300) |
| Premium on bond issuance | (5,275) |
| Refunding bonds issued | (31,200) |
| Deferred loss on debt refunding | 603 |
| Interest expense on debt refunding | 6 |
| Premium on refunding bonds issued | (3,907) |
| Payment to bond escrow | 31,200 |
| Payment of bond principal | 51,300 |
| | (150,573) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds: | |
| Accrued interest expense | (729) |
| Amortization of premium on bond issuance | 4,614 |
| Amortization of deferred gain on debt refunding | (419) |
| Increase in other post employment benefit liability | 339 |
| Increase in compensated absences liability | (3,504) |
| Decrease in liability to other governments | 343 |
| Increase in arbitrage rebate liability | (13) |
| Decrease in tort claims and judgments liability | 3,871 |
| Amortization of facility use lease | (368) |
| | 4,134 |
| Net pension liability is not due and payable in the current period, and accordingly is not reported as a fund liability. Deferred outflows (inflows) of resources related to pensions are not financial resources, and therefore, are not reported in the governmental funds. | |
| Net pension liability | (55,421) |
| Deferred outflows of resources related to pensions | 36,561 |
| Deferred inflows of resources related to pensions | 22,781 |
| | 3,921 |
| Some revenues reported in the statement of activities do not provide current financial resources in governmental funds: | |
| Loss from investment in joint venture | (1,506) |
| Some revenues which are unavailable in the governmental funds represent accrual based revenue in the entity-wide statements: | |
| Intergovernmental revenue | 4,947 |
| Long-term receivables | 408 |
| Property Tax | 3,114 |
| Special assessment revenue | 24 |
| | 8,493 |
| The net revenue of internal service funds is reported within governmental activities: | |
| Change in net position of internal service funds | 997 |
| Internal balances resulting from the elimination of internal service fund revenues | 231 |
| | 1,228 |
| Change in net position - statement of activities | \$ 111,235 |

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

CITY OF TULSA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017
(amounts expressed in thousands)

| | Business-type Activities Enterprise Funds | | | | | Total | Governmental Activities - Internal Service Funds |
|--|--|-----------------------------|---------------------------------|---------------------------|-------------------------------|-------------------|--|
| | Stormwater Management | One Technology Center | Arena & Convention Center | Tulsa Stadium Trust | Nonmajor - Golf Courses | | |
| ASSETS | | | | | | | |
| Current assets: | | | | | | | |
| Cash and cash equivalents | \$ 16,108 | \$ 5,752 | \$ 18,497 | \$ 5,497 | \$ 400 | \$ 46,254 | \$ 17,681 |
| Cash and cash equivalents, restricted | - | 1,200 | 6,629 | 3,111 | - | 10,940 | 393 |
| Receivables, net | 3,126 | 1,168 | 1,772 | 4 | 1 | 6,071 | 619 |
| Advances to component units | - | - | - | - | - | - | 1,082 |
| Prepaid expenses | - | - | 584 | - | 20 | 604 | - |
| Inventories, net | - | - | 334 | - | 50 | 384 | 898 |
| | <u>19,234</u> | <u>8,120</u> | <u>27,816</u> | <u>8,612</u> | <u>471</u> | <u>64,253</u> | <u>20,673</u> |
| Noncurrent assets: | | | | | | | |
| Cash and cash equivalents, restricted | 8,899 | 2,841 | 58 | 1,603 | - | 13,401 | 31 |
| Investments - restricted | - | 745 | 1,562 | - | - | 2,307 | 1,066 |
| Receivables, net | 26 | 10,141 | - | - | - | 10,167 | - |
| Advances to component units | - | - | - | - | - | - | 1,899 |
| Other | - | - | - | 1 | - | 1 | - |
| Nondepreciable capital assets | 82,565 | 3,345 | 9,624 | 2,841 | 2,945 | 101,320 | 4,820 |
| Depreciable capital assets, net | 237,673 | 34,471 | 164,885 | 32,083 | 4,638 | 473,750 | 6,460 |
| | <u>329,163</u> | <u>51,543</u> | <u>176,129</u> | <u>36,528</u> | <u>7,583</u> | <u>600,946</u> | <u>14,276</u> |
| Total assets | <u>348,397</u> | <u>59,663</u> | <u>203,945</u> | <u>45,140</u> | <u>8,054</u> | <u>665,199</u> | <u>34,949</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | |
| Pension related items | 2,829 | 227 | - | - | - | 3,056 | 1,283 |
| Total deferred outflow of resources | <u>2,829</u> | <u>227</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,056</u> | <u>1,283</u> |
| LIABILITIES | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts payable and accrued liabilities | 2,044 | 843 | 3,573 | 80 | 164 | 6,704 | 1,392 |
| Unearned revenue | - | 246 | 8,713 | - | - | 8,959 | - |
| Workers compensation claims | - | - | - | - | - | - | 3,757 |
| Current portion of long-term liabilities | 527 | 1,595 | 895 | 610 | - | 3,627 | 1,682 |
| | <u>2,571</u> | <u>2,684</u> | <u>13,181</u> | <u>690</u> | <u>164</u> | <u>19,290</u> | <u>6,831</u> |
| Noncurrent liabilities: | | | | | | | |
| Unearned revenue | - | - | 1,054 | - | - | 1,054 | - |
| Workers compensation claims | - | - | - | - | - | - | 8,390 |
| Advances from other funds | - | - | - | - | - | - | 146 |
| Deposits subject to refund | - | 8 | - | - | - | 8 | - |
| Long-term liabilities | 12,250 | 61,863 | 7,575 | 20,999 | - | 102,687 | 9,306 |
| | <u>12,250</u> | <u>61,871</u> | <u>8,629</u> | <u>20,999</u> | <u>-</u> | <u>103,749</u> | <u>17,842</u> |
| Total liabilities | <u>14,821</u> | <u>64,555</u> | <u>21,810</u> | <u>21,689</u> | <u>164</u> | <u>123,039</u> | <u>24,673</u> |
| DEFERRED INFLOW OF RESOURCES | | | | | | | |
| Pension related items | 1,280 | 112 | - | - | - | 1,392 | 654 |
| Total deferred outflow of resources | <u>1,280</u> | <u>112</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,392</u> | <u>654</u> |
| NET POSITION (DEFICIT) | | | | | | | |
| Net investment in capital assets | 320,238 | (11,971) | 167,660 | 14,917 | 7,583 | 498,427 | 11,280 |
| Restricted for: | | | | | | | |
| Debt service | - | 790 | - | - | - | 790 | - |
| Capital projects | 8,925 | 1,776 | - | - | - | 10,701 | - |
| Other purposes | - | - | - | 1,173 | - | 1,173 | - |
| Unrestricted | 5,962 | 4,628 | 14,475 | 7,361 | 307 | 32,733 | (375) |
| Total net position (deficit) | <u>\$ 335,125</u> | <u>\$ (4,777)</u> | <u>\$ 182,135</u> | <u>\$ 23,451</u> | <u>\$ 7,890</u> | <u>543,824</u> | <u>\$ 10,905</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | | | (2,644) | |
| Net position of business-type activities | | | | | | <u>\$ 541,180</u> | |

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

CITY OF TULSA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year ended June 30, 2017
(amounts expressed in thousands)

| | Business-type Activities Enterprise Funds | | | | | | Governmental Activities - Internal Service Funds |
|--|--|-----------------------------|---------------------------------|---------------------------|-------------------------------|-------------------|--|
| | Stormwater Management | One Technology Center | Arena & Convention Center | Tulsa Stadium Trust | Nonmajor - Golf Courses | Total | |
| Operating revenues | | | | | | | |
| Charges for services | \$ 27,693 | \$ 9,154 | \$ 16,754 | \$ 166 | \$ 2,781 | \$ 56,548 | \$ 14,676 |
| Insurance premiums | - | - | - | - | - | - | 23,684 |
| Workers compensation premiums | - | - | - | - | - | - | 5,540 |
| Other | 795 | - | - | 83 | 4 | 882 | 136 |
| | <u>28,488</u> | <u>9,154</u> | <u>16,754</u> | <u>249</u> | <u>2,785</u> | <u>57,430</u> | <u>44,036</u> |
| Operating expenses | | | | | | | |
| Salaries and wages | 10,029 | 847 | - | - | - | 10,876 | 4,942 |
| Materials and supplies | 1,303 | 144 | 573 | - | 227 | 2,247 | 7,381 |
| Services and charges | 10,136 | 3,581 | 13,559 | 242 | 2,726 | 30,244 | 4,584 |
| Workers compensation claims | - | - | - | - | - | - | 4,945 |
| Insurance claims and premiums | - | - | - | - | - | - | 22,766 |
| Depreciation and amortization | 9,730 | 1,229 | 10,499 | 1,995 | 323 | 23,776 | 449 |
| | <u>31,198</u> | <u>5,801</u> | <u>24,631</u> | <u>2,237</u> | <u>3,276</u> | <u>67,143</u> | <u>45,067</u> |
| Operating income (loss) | <u>(2,710)</u> | <u>3,353</u> | <u>(7,877)</u> | <u>(1,988)</u> | <u>(491)</u> | <u>(9,713)</u> | <u>(1,031)</u> |
| Nonoperating revenues (expenses) | | | | | | | |
| Investment income | 19 | 560 | 8 | 5 | 1 | 593 | 27 |
| Interest expense | - | (3,326) | (568) | (1,010) | - | (4,904) | - |
| Gain on disposal of capital assets | 29 | - | - | - | 3 | 32 | 23 |
| Intergovernmental revenue | - | - | - | - | - | - | - |
| Other, net | - | - | - | 28 | - | 28 | - |
| | <u>48</u> | <u>(2,766)</u> | <u>(560)</u> | <u>(977)</u> | <u>4</u> | <u>(4,251)</u> | <u>50</u> |
| Income (loss) before capital contributions and transfers | <u>(2,662)</u> | <u>587</u> | <u>(8,437)</u> | <u>(2,965)</u> | <u>(487)</u> | <u>(13,964)</u> | <u>(981)</u> |
| Capital contributions | 5,602 | - | - | - | - | 5,602 | - |
| Transfers in | 2,405 | 164 | 2,540 | 2,159 | 307 | 7,575 | 3,978 |
| Transfers out | (1,792) | - | - | - | - | (1,792) | (2,000) |
| | <u>6,215</u> | <u>164</u> | <u>2,540</u> | <u>2,159</u> | <u>307</u> | <u>11,385</u> | <u>1,978</u> |
| Change in net position | <u>3,553</u> | <u>751</u> | <u>(5,897)</u> | <u>(806)</u> | <u>(180)</u> | <u>(2,579)</u> | <u>997</u> |
| Net position (deficit) - beginning of year | 331,572 | (5,528) | 188,032 | 24,257 | 8,070 | | 9,908 |
| Net position (deficit) - end of year | <u>\$ 335,125</u> | <u>\$ (4,777)</u> | <u>\$ 182,135</u> | <u>\$ 23,451</u> | <u>\$ 7,890</u> | | <u>\$ 10,905</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | | | (231) | |
| Change in net position of business-type activities | | | | | | <u>\$ (2,810)</u> | |

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

CITY OF TULSA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2017
(amounts expressed in thousands)

| | Business-type Activities Enterprise Funds | | | | | Total | Governmental Activities - Internal Service Funds |
|--|--|-----------------------------|---------------------------------|---------------------------|-------------------------------|-----------|--|
| | Stormwater Management | One Technology Center | Arena & Convention Center | Tulsa Stadium Trust | Nonmajor - Golf Courses | | |
| Cash flows from operating activities: | | | | | | | |
| Receipts from customers and other funds | \$ 28,434 | \$ 9,240 | \$ 13,911 | \$ 246 | \$ 2,784 | \$ 54,615 | \$ 45,980 |
| Payments to suppliers | (11,183) | (3,750) | (13,265) | (207) | (3,002) | (31,407) | (39,287) |
| Payments to employees | (9,359) | (838) | - | - | - | (10,197) | (4,589) |
| Net cash provided (used) by operating activities | 7,892 | 4,652 | 646 | 39 | (218) | 13,011 | 2,104 |
| Cash flows from noncapital financing activities: | | | | | | | |
| Transfers from other funds | - | - | 2,540 | - | 75 | 2,615 | 2,000 |
| Transfers to other funds | (1,655) | - | - | - | - | (1,655) | (2,000) |
| Net cash provided (used) by financing activities | (1,655) | - | 2,540 | - | 75 | 960 | - |
| Cash flows from capital and related financing activities: | | | | | | | |
| Acquisition and construction of capital assets | (7,183) | (164) | (623) | (164) | (236) | (8,370) | (1,886) |
| Principal paid on debt | - | (1,485) | (1,190) | (585) | - | (3,260) | - |
| Interest paid on debt | - | (3,321) | (586) | (1,014) | - | (4,921) | - |
| Proceeds from sale of capital assets | 35 | - | - | - | 6 | 41 | 22 |
| Proceeds from financing activities | - | 1,200 | - | - | - | 1,200 | - |
| Transfers from other funds for capital additions | 2,405 | 164 | - | 2,151 | 232 | 4,952 | 1,978 |
| Transfers to other funds for capital additions | (137) | - | - | - | - | (137) | - |
| Net cash provided (used) by capital and related financing activities | (4,880) | (3,606) | (2,399) | 388 | 2 | (10,495) | 114 |
| Cash flows from investing activities: | | | | | | | |
| Interest received | 10 | 3 | 24 | 5 | 1 | 43 | 16 |
| Purchase of investments | - | (749) | - | - | - | (749) | - |
| Net cash provided (used) by investing activities | 10 | (746) | 24 | 5 | 1 | (706) | 16 |
| Net increase (decrease) in cash and cash equivalents | 1,367 | 300 | 811 | 432 | (140) | 2,770 | 2,234 |
| Cash and cash equivalents, beginning | 23,640 | 9,493 | 24,373 | 9,779 | 540 | 67,825 | 15,871 |
| Cash and cash equivalents, end of year | \$ 25,007 | \$ 9,793 | \$ 25,184 | \$ 10,211 | \$ 400 | \$ 70,595 | \$ 18,105 |
| Reconciliation of cash and cash equivalents to the Statement of Net Position: | | | | | | | |
| Cash and cash equivalents | 16,108 | 5,752 | 18,497 | 5,497 | 400 | 46,254 | 17,681 |
| Cash and cash equivalents - restricted | 8,899 | 4,041 | 6,687 | 4,714 | - | 24,341 | 424 |
| Total cash and cash equivalents | \$ 25,007 | \$ 9,793 | \$ 25,184 | \$ 10,211 | \$ 400 | \$ 70,595 | \$ 18,105 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | | | | | | |
| Operating income (loss) | (2,710) | 3,353 | (7,877) | (1,988) | (491) | (9,713) | (1,031) |
| Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | | | |
| Depreciation and amortization | 9,730 | 1,229 | 10,499 | 1,995 | 323 | 23,776 | 449 |
| (Increase) decrease in accounts receivable and other assets | (28) | (25) | (868) | - | 9 | (912) | 2,131 |
| (Increase) decrease in deferred outflows of resources | 2,091 | 162 | - | - | - | 2,253 | 637 |
| Increase (decrease) in accounts payable and other liabilities | (608) | (18) | (1,108) | 32 | (59) | (1,761) | 170 |
| Increase (decrease) in deferred inflows of resources | (583) | (49) | - | - | - | (632) | (252) |
| Net cash provided (used) by operating activities | \$ 7,892 | \$ 4,652 | \$ 646 | \$ 39 | \$ (218) | \$ 13,011 | \$ 2,104 |
| NON-CASH TRANSACTIONS: | | | | | | | |
| Capital contributions and capital assets | \$ 5,602 | \$ - | \$ - | \$ - | \$ - | \$ 5,602 | \$ - |
| Appreciation (decrease) of fair value of investments | \$ - | \$ (5) | \$ (17) | \$ - | \$ - | \$ (22) | \$ (6) |

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

CITY OF TULSA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2017
(amounts expressed in thousands)

| | Municipal Employees Retirement Plan | Agency Funds |
|---|--|-----------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 7,032 | \$ 7,324 |
| Contributions receivable | 604 | - |
| Investment income receivable | 300 | - |
| Investments: | | |
| US Government obligations | 32,639 | - |
| Corporate bonds | 13,100 | - |
| Municipal bonds | 69 | - |
| Preferred stock | 952 | - |
| Common stock | 32,244 | - |
| Foreign obligations | 2,355 | - |
| Mutual funds | 338,136 | - |
| Timber | 21,065 | - |
| Total assets | 448,496 | 7,324 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 729 | 3,695 |
| Deposits payable | - | 3,629 |
| Total liabilities | 729 | \$ 7,324 |
| NET POSITION RESTRICTED FOR PENSIONS | \$ 447,767 | |

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

CITY OF TULSA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year ended June 30, 2017
(amounts expressed in thousands)

| | Municipal Employees Retirement Plan |
|---|--|
| ADDITIONS | |
| Contributions: | |
| Employer | \$ 13,562 |
| Plan members | 7,653 |
| | 21,215 |
| Investment Income: | |
| Net appreciation in fair value of investments | 49,199 |
| Interest | 1,211 |
| Dividends | 2,160 |
| | 52,570 |
| Less: investment expense | (1,292) |
| Net investment income | 51,278 |
| Total additions | 72,493 |
| DEDUCTIONS | |
| Benefits | 36,025 |
| Refunds of contributions | 1,197 |
| Administrative expense | 409 |
| Total deductions | 37,631 |
| Net increase in fiduciary net position | 34,862 |
| NET POSITION RESTRICTED FOR PENSIONS | |
| Beginning of year | 412,905 |
| End of year | \$ 447,767 |

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

CITY OF TULSA
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2017
(amounts expressed in thousands)

| | Tulsa Metropolitan Utility Authority | Tulsa Authority for Recovery of Energy | Tulsa Airports | Other Component Units | Total Component Units |
|--|---|---|-------------------|-----------------------------|-----------------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 151,661 | \$ 17,378 | \$ 13,007 | \$ 10,044 | \$ 192,090 |
| Cash and cash equivalents - restricted | 24,346 | - | 907 | 15,745 | 40,998 |
| Investments | - | - | - | 3,624 | 3,624 |
| Investments - restricted | - | - | 1,421 | - | 1,421 |
| Receivables, net | 32,784 | 3,229 | 3,202 | 1,738 | 40,953 |
| Inventories | 1,961 | - | 1,488 | 683 | 4,132 |
| Other current assets | - | - | 467 | 716 | 1,183 |
| | <u>210,752</u> | <u>20,607</u> | <u>20,492</u> | <u>32,550</u> | <u>284,401</u> |
| Noncurrent assets: | | | | | |
| Cash and cash equivalents - restricted | 64,233 | - | 3,118 | 2,997 | 70,348 |
| Investments | - | - | 3,572 | 502 | 4,074 |
| Investments - restricted | 17,601 | - | 17,580 | - | 35,181 |
| Advances to primary government | 12 | - | 127 | - | 139 |
| Receivables, net | 101 | - | 783 | 20,164 | 21,048 |
| Land held for resale, net | - | - | - | 591 | 591 |
| Equity interest in joint ventures | 19,674 | - | - | - | 19,674 |
| Other noncurrent assets | - | - | 414 | - | 414 |
| Nondepreciable capital assets | 108,168 | 250 | 149,352 | 13,694 | 271,464 |
| Depreciable capital assets, net | 1,145,870 | 10,590 | 251,990 | 51,044 | 1,459,494 |
| | <u>1,355,659</u> | <u>10,840</u> | <u>426,936</u> | <u>88,992</u> | <u>1,882,427</u> |
| Total assets | <u>1,566,411</u> | <u>31,447</u> | <u>447,428</u> | <u>121,542</u> | <u>2,166,828</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | | | |
| Deferred charge on refunding | 3,005 | - | 5,672 | 393 | 9,070 |
| Pension related amounts | 11,729 | 939 | 2,445 | 2,732 | 17,845 |
| Total deferred outflow of resources | <u>14,734</u> | <u>939</u> | <u>8,117</u> | <u>3,125</u> | <u>26,915</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable and accrued liabilities | 20,379 | 1,522 | 3,995 | 2,920 | 28,816 |
| Unearned revenue | - | - | 488 | 113 | 601 |
| Current portion of long-term liabilities | 34,463 | 211 | 7,986 | 1,943 | 44,603 |
| Advances from primary government | - | 1,082 | - | - | 1,082 |
| Deposits subject to refund - restricted | 10,611 | - | 38 | - | 10,649 |
| | <u>65,453</u> | <u>2,815</u> | <u>12,507</u> | <u>4,976</u> | <u>85,751</u> |
| Noncurrent liabilities: | | | | | |
| Advances from primary government | - | 1,899 | - | 326 | 2,225 |
| Deposits subject to refund | - | - | - | 419 | 419 |
| Long-term liabilities, net | 450,517 | 5,202 | 170,672 | 20,885 | 647,276 |
| | <u>450,517</u> | <u>7,101</u> | <u>170,672</u> | <u>21,630</u> | <u>649,920</u> |
| Total liabilities | <u>515,970</u> | <u>9,916</u> | <u>183,179</u> | <u>26,606</u> | <u>735,671</u> |
| DEFERRED INFLOW OF RESOURCES | | | | | |
| Property tax revenue | 2,337 | - | - | 15 | 2,352 |
| Pension related amounts | 6,831 | 606 | 1,844 | 1,601 | 10,882 |
| Deferred gain on refunding | 69 | - | - | - | 69 |
| Total deferred inflow of resources | <u>9,237</u> | <u>606</u> | <u>1,844</u> | <u>1,616</u> | <u>13,303</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 908,767 | 7,859 | 252,778 | 56,226 | 1,225,630 |
| Restricted for: | | | | | |
| Debt service | 13,145 | - | 801 | 2,239 | 16,185 |
| Capital projects | - | - | 1,987 | 13,303 | 15,290 |
| Other purposes | - | - | 6,536 | 20,192 | 26,728 |
| Unrestricted | 134,026 | 14,005 | 8,420 | 4,485 | 160,936 |
| Total net position | <u>\$ 1,055,938</u> | <u>\$ 21,864</u> | <u>\$ 270,522</u> | <u>\$ 96,445</u> | <u>\$ 1,444,769</u> |

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

CITY OF TULSA
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
Year ended June 30, 2017
(amounts expressed in thousands)

| Functions/Programs | Program Revenues | | | | Tulsa | | | | Net (Expense) Revenue and Changes in Net Position | | | | | | | | | | |
|-------------------------------------|------------------|----------------------|------------------------------------|----------------------------------|--------------------------------------|--|----------------|------------|---|------------|----------------------|------------------------------------|----------------------------------|--------------------------------------|--|----------------|------------|-----------|--------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Tulsa Metropolitan Utility Authority | Tulsa Authority for Recovery of Energy | Tulsa Airports | Other | Total | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Tulsa Metropolitan Utility Authority | Tulsa Authority for Recovery of Energy | Tulsa Airports | Other | Total | |
| Clean water and waste water systems | \$ 167,618 | \$ 226,692 | \$ - | \$ 13,293 | \$ 72,367 | \$ - | \$ - | \$ - | \$ 72,367 | \$ 167,618 | \$ 226,692 | \$ - | \$ 13,293 | \$ - | \$ - | \$ - | \$ - | \$ 72,367 | |
| Refuse collection and disposal | 24,853 | 27,141 | - | 7 | - | 2,295 | - | - | - | 24,853 | 27,141 | - | - | 2,295 | - | - | - | 2,295 | |
| Airport services | 48,768 | 33,785 | 8,426 | 5,174 | - | - | (1,383) | - | - | 48,768 | 33,785 | 8,426 | 5,174 | - | (1,383) | - | - | (1,383) | |
| Other | 30,960 | 11,565 | 7,276 | 8,147 | - | - | - | (3,972) | - | 30,960 | 11,565 | 7,276 | 8,147 | - | - | (3,972) | - | (3,972) | |
| | \$ 272,199 | \$ 299,183 | \$ 15,702 | \$ 26,621 | \$ 72,367 | \$ 2,295 | \$ (1,383) | \$ (3,972) | \$ 69,307 | \$ 272,199 | \$ 299,183 | \$ 15,702 | \$ 26,621 | \$ 72,367 | \$ 2,295 | \$ (1,383) | \$ (3,972) | \$ 69,307 | |
| General revenues: | | | | | | | | | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | | | | | | | | | |
| Sales taxes | | | | | | | | | | | | | | | | | | | 122 |
| Property taxes | | | | | 3,674 | | | | | | | | | | | | | | 4,839 |
| Funding from primary government | | | | | | | | | | | | | | | | | | | 7,699 |
| Investment earnings | | | | | 326 | 14 | | | | | | | | | | 52 | | | 722 |
| Miscellaneous | | | | | | | | | | | | | | | | | | | 76 |
| Gain on disposal of capital assets | | | | | 415 | 83 | | | | | | | | | | | | | 498 |
| Total general revenues | | | | | 4,415 | 97 | | | | | | | | | | 52 | | | 13,956 |
| Change in net position | | | | | 76,782 | 2,392 | | | | | | | | | | (1,331) | | | 83,263 |
| Net position, beginning of year | | | | | 979,156 | 19,472 | | | | | | | | | | 271,853 | | | 1,361,506 |
| Net position, end of year | | | | | \$ 1,055,938 | \$ 21,864 | | | | | | | | | | \$ 270,522 | | | \$ 1,444,769 |

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

Note 1. Summary of Significant Accounting Policies

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

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

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

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

New Pronouncements - The City implemented the following GASB Statement effective for the year ended June 30, 2017:

GASB Statement No. 77 – Tax Abatement Disclosures
This Statement requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and which reduce the reporting government tax revenues. The disclosures about the government's own tax abatement agreements includes the purpose of the tax abatement program, the tax being abated, the amount of tax being abated, the provisions of recapturing abated taxes, the types of commitments made by tax abatement recipients, and other commitments made by the government in tax abatement agreements. See Note 2 for the required disclosures.

A. REPORTING ENTITY

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

is reported as a blended component unit when it meets one of the following criteria as defined by GASB: Substantively the same governing body and a financial benefit or burden; substantively the same governing body and operational responsibility; Almost exclusive service or benefit to the primary government; Total debt of the component unit repayable almost entirely from resources of primary government. When none of these criteria are met, the entity is presented as a discretely presented component unit. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the City.

1. Blended Component Units

The Tulsa Public Facilities Authority ("TPFA") - Trustees of TPFA are appointed by the Mayor and approved by the City Council. Although it is legally separate from the City, TPFA is reported as if it were part of the primary government because its primary purposes are to issue revenue bonds to finance major capital improvements and manage certain properties on behalf of the City. Financing activities of this fund are included as an internal service fund, enterprise activities are included as enterprise funds, and financing of capital projects of the primary government are included in the Limited-Purpose Sales Tax fund, a governmental capital project fund.

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

2. Discretely Presented Component Units

Major discretely presented component units:

Tulsa Metropolitan Utility Authority ("TMUA") - A public trust created to provide for a clean water utility system and a wastewater utility system. Trustees are appointed by the Mayor and confirmed by the City Council. The City is the sole beneficiary of the trust and will receive all trust properties and resulting revenues upon retirement of all trust indebtedness. The City provides staffing for the operations of TMUA and acts as a collection agent by

Note 1. Summary of Significant Accounting Policies, continued

collecting TMUA's utility revenues as a part of the City's utility billing system.

Tulsa Authority for Recovery of Energy ("TARE") - A public trust created to provide a system of collection, transportation and disposal of solid waste. Trustees are appointed by the Mayor and confirmed by the City Council. The City provides staffing for the operations of TARE and acts as a collection agent by collecting TARE utility revenues as a part of the City's utility billing system.

Tulsa Airports - Tulsa Airports Improvement Trust ("TAIT") was created to operate, maintain and finance capital improvements at the City's two airports, Tulsa International and Richard L. Jones, Jr. Airports, and to finance capital improvements. Trustees are appointed by the Mayor and confirmed by the City Council. The City is the sole beneficiary of the trust.

Other discretely presented component units:

Tulsa Development Authority ("TDA") - A public authority created to finance urban renewal, rehabilitation and redevelopment. Commissioners of TDA are appointed by the Mayor and confirmed by the City Council. The City approves urban renewal plans.

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

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

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

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

Separate financial statements for the individual component units are available upon request to the Office of the Controller, 175 East 2nd Street, Suite 575, Tulsa, OK 74103.

B. JOINT VENTURES AND RELATED ORGANIZATIONS

1. Joint Ventures

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

The City participates in the following joint ventures:

Emergency Medical Services Authority ("EMSA") - EMSA is a public trust created to provide emergency medical care and transportation and is governed by a ten-member board composed of five appointees from the City and five from other Oklahoma cities and towns. In accordance with the joint venture agreement, Tulsa and Oklahoma City are entitled to their respective share of annual operating income or loss. The City's equity interest in EMSA is \$9,656. Complete financial statements for EMSA can be obtained from EMSA's Chief Financial Officer, 1417 North Lansing, Tulsa, Oklahoma 74106.

River Parks Authority ("RPA") - The City is a participant with Tulsa County ("County") in a joint venture to operate and maintain a park along the Arkansas River. RPA, a public trust, was created for that purpose. The City and the County contribute to the annual operating budget of RPA. The Board of Trustees comprises seven members, three appointed by the City, three appointed by the County, and one by the Tulsa Metropolitan Area Planning Commission. The City and the County have no equity interest in the joint venture; therefore, no equity interest is reflected in the City's financial Statements. Complete financial statements for RPA can be obtained from the Executive Director, 2424 E. 21st St., Suite 300, Tulsa Oklahoma 74114.

Note 1. Summary of Significant Accounting Policies, continued

Regional Metropolitan Utility Authority ("RMUA") – The City is a participant with the Cities of Broken Arrow, Jenks, Bixby, and Owasso, Oklahoma, to operate a sewage treatment facility. Only the City and the City of Broken Arrow, Oklahoma currently hold an equity interest in RMUA. The City contributes approximately one-half of the Authority's annual operating and capital budget, and operates a facility for RMUA and leases the facility site to the Authority. The City appoints two of the ten trustees. The remaining trustees are appointed two each by the four other participating cities. RMUA's treatment plant provides services to the City of Tulsa and the City of Broken Arrow at approximately equal amounts. Upon termination of the trust, the net position will be distributed to the beneficiaries based upon their pro rata interest. The City's equity interest of \$19,674 is reported in TMUA's statement of net position. Complete financial statements for RMUA can be obtained from the Office of the Controller, 175 East 2nd Street, Suite 575, Tulsa, OK 74103.

2. Related Organizations

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

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

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

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

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

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

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

3. Jointly Governed Organizations

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

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

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

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

C. GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

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

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

Note 1. Summary of Significant Accounting Policies, continued

revenues, etc.). The statement of activities reports gross expenses and related program revenues and operating and capital grants.

The program revenues must be directly associated with the function or a business-type activity. Program revenues include revenues from fines and forfeitures, licenses and permits fees, special assessment taxes, and charges for services. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenues (sales taxes, franchise taxes, property taxes, intergovernmental revenues, interest income, etc.).

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

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

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

The enterprise fund statements will match the business-type activity column presented in the government-wide statements, other than the internal balances from the allocation of a portion of the internal service funds to business-type activities.

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

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

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

D. BASIS OF PRESENTATION

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

Major governmental and proprietary funds are determined based on relative size. Qualitative factors may provide influence in determining a fund be reported as major that would otherwise be classified as nonmajor. The General Fund is always considered major. Major discretely presented components are determined similarly, but no specific thresholds exist. Nonmajor funds are combined into a single column in the fund financial statements.

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

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

Note 1. Summary of Significant Accounting Policies, continued

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

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

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

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

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

Limited-Purpose Sales Tax Fund accounts for those capital improvements that are financed by the vision sales tax and bond proceeds of the TPFA fund that provided advance funding for these projects (Capital projects fund).

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

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

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

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

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

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

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

Employee Insurance Fund accounts for the collection and payment of health, dental, life and long term disability insurance premiums and administrative expenses.

Workers Compensation Fund accounts for workers' compensation medical claims and administrative expenses.

Equipment Management Fund accounts for the maintenance and repair of licensed motor vehicles and fees charged to other departments.

Office Services Fund accounts for office supplies and reproduction services and fees charged to user departments.

Tulsa Public Facilities Authority issues debt and the proceeds may be loaned to the City or to other component units.

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

Pension Trust Fund accounts for the activities of the Municipal Employees Retirement Plan (MERP), which accumulates resources for pension benefit payments to qualified retirees. MERP is a cost-sharing multiple-employer defined benefit pension trust.

Agency Funds account for resources held by the City in a purely custodial capacity (assets equal liabilities) and include Municipal Court Bonds, Escrow Fund, Police Property Room, Payroll Withholdings, Unclaimed Property and PAC Ticket Office Escrow.

Note 1. Summary of Significant Accounting Policies, continued

E. BASIS OF ACCOUNTING

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

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

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

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

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

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

In applying the "susceptible to accrual" concept to intergovernmental revenues the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements, including time requirements, are met.

Resources transmitted before the eligibility requirements are met should, under most circumstances, be reported as advances by the provider and as unearned revenue by the recipient.

Fair Value Measurements – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific

measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between the market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability.

F. ASSETS, LIABILITIES AND NET POSITION

1. Cash and Cash Equivalents

The City Charter requires all cash belonging to the City to be placed in the custody of the City Treasurer. Certain component units participate in the City's pooled cash for non-restricted cash and investments. A "Pooled Cash" concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund and participating component unit have equity in the pooled amount.

All amounts included in the pooled cash and investment accounts are reported as cash and cash equivalents in the fund financial statements because the City and participating component units are able to withdraw cash at any time without prior notice or penalty. In the government-wide financial statements, the pooled cash and investment accounts are reported as cash, cash equivalents and investments.

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

2. Investments

Certain investments are stated at fair value. The change in the fair value of investments is as follows:

| | |
|----------------------------|-------------------|
| Governmental activities | \$ (6,460) |
| Business-type activities | (408) |
| Net decrease in fair value | <u>\$ (6,868)</u> |

Note 1. Summary of Significant Accounting Policies, continued

3. Accounts Receivable and Taxes Receivable

Accounts receivable and taxes receivable are shown at net realizable value. The allowance for general government accounts receivable is derived from the age of the individual receivable with age categories ranging from 30 days past due to three years past due. Uncollectible percentages by revenue category are derived using historical write-off experience and range from 1% to 62%, as well as consideration of current expectations and economic considerations. In the current year \$812 of accounts receivable were written-off.

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

4. Inventories

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

Land held for resale - Land acquired for rehabilitation and held for resale by the City is recorded at the lower of cost or net realizable value (specific identification basis). The cost of land acquired and held for resale by the City at year end amounted to \$2,400 and was carried at the lower of cost or net realizable value of \$2,400. \$44 of the land is considered current and included in inventories on the Statement of Net Position, and is also reported in the governmental funds as it is considered a current financial resource. The remaining \$2,356 is noncurrent.

5. Internal Balances

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

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

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

6. Laboratory Facility Use Lease

The City is a party to an agreement with the Oklahoma Board of Regents whereby the City leases from the Oklahoma Board of Regents office and laboratory facilities for a term of 50 years. The lease terms call for the City to pay a proportionate share of the design and construction costs of the facility and, in turn, the City has the right to use the facilities until the expiration of the lease on June 30, 2058. The lease costs are amortized over the life of the lease. The lease with a carrying value of \$13,722, net of amortization, is reflected in other assets on the Government-wide Statement of Net Position.

7. Capital Assets

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at acquisition cost as of the date of the contribution.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized whereas costs incurred for repairs and maintenance are expensed as incurred.

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

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

Note 1. Summary of Significant Accounting Policies, continued

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

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

8. Interest Capitalization

Interest is capitalized in proprietary funds and discretely presented component units on assets acquired with tax-exempt debt. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Component units capitalized net interest cost in the amount of \$3,162 related to tax exempt financing for capital construction projects during the year.

9. Privately Funded Public Improvements

Watermain Extension Contracts - TMUA contracts with various developers for the construction of watermains to provide water service to areas under development. Upon completion, the new watermains become an extension of the City's existing water distribution system. The contract with the developers provides that the developers initially pay for all construction costs. Repayments to the developers are generally limited to 40% of the collected revenues generated by the respective watermain extension, not to exceed the total cost as defined in the contract.

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

The liability for watermain extension contracts is \$2,942 as of year end. Annual payments of \$387 are due in accordance with these contracts.

Water and Sewer Line Extensions – Contributions from area developers to TMUA during the year totaled \$12,990.

10. Restricted Assets

Certain debt proceeds as well as certain resources set aside for their repayment, are classified as restricted assets in the statements of net position because their use is limited by applicable bond covenants.

Stormwater fees in lieu of detention are paid by developers in lieu of constructing on-site detention facilities. The in lieu fees are collected and spent on a regional basis as a more effective method of stormwater management. These funds are restricted because their use is restricted by City Ordinance to stormwater drainage basin improvements.

11. Bond Premiums and Discounts

In the governmental funds, bond premiums and discounts are treated as other financing sources or uses in the year of issuance.

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

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

12. Encumbrances – Budgetary Statements

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the funds.

Other commitments include encumbrances that have been established for future planned expenditures where the purpose is known but a specific contract with a vendor has not yet been finalized.

13. Fund Balances

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

Note 1. Summary of Significant Accounting Policies, continued

- Nonspendable fund balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted fund balance – The portion of fund balance which is constrained for specific purposes which are externally imposed by bond covenants, grants, providers, or amounts constrained due to constitutional provisions or enabling legislation.
- Committed fund balance – The committed portion of fund balance can only be used for the specific purposes imposed by ordinance. An ordinance is formal action of the City's highest level of decision-making authority, which is enacted by a majority vote of the City Council and approved by the Mayor. Once adopted, the commitment remains in place until a similar action is taken to modify or rescind the commitment.
- Assigned fund balance – The assigned portion of fund balance is constrained by the City's intent to use for specific purposes, but are neither restricted nor committed. Assigned fund balance includes resources that will be used to liquidate encumbrances related to purchase orders and contracts payable from assigned resources. The ordinance containing the annual budget, approved by City Council and the Mayor, includes the authority to carryover encumbered amounts from prior year appropriations.
- Unassigned fund balance – The unassigned portion of fund balance is not otherwise restricted, committed, or assigned to specific purposes. The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, if expenditures incurred for a specific purpose exceed the amounts restricted, committed, or assigned to those purposes, they may report a negative unassigned fund balance.

Spending Policy of Governmental Funds - The City receives inflows from revenue and other financing sources from numerous sources for use in the General Fund and other governmental funds. These Funds will expend those resources on multiple purposes of the local government. The intention of this spending policy is to identify the expenditure order of resource categories for the governmental funds.

When both restricted and unrestricted resources are available in the governmental funds, the following spending policy will apply:

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

Minimum Fund Balance Policy – The City has a minimum fund balance policy which applies to the General Fund, where by an operating reserve is set and maintained at 6.39% of General Fund revenues. This operating reserve is set forth in the ordinance adopting the City's annual budget.

14. Net Position

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

- *Net Investment in Capital Assets* – This consists of capital assets, net of accumulated depreciation plus deferred inflows/outflows of resources less the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Net position restricted by enabling legislation is \$244,003. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.
- *Unrestricted* – This consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

15. Stabilization Arrangement

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

Note 1. Summary of Significant Accounting Policies, continued

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

For purposes of calculating any shortfall:

1. If the trigger for withdrawal from the Reserve is not met in the current budget year, the City Treasurer shall calculate the shortfall for the upcoming budget year by subtracting the total projected General Fund revenues for the upcoming budget year from the total projected General Fund revenues for the current budget year.

2. If the trigger for withdrawal from the Economic Stabilization Reserve is met in the current budget year, the shortfall shall be calculated by subtracting the total projected General Fund revenues for the upcoming budget year from the highest of any previous year's total General Fund revenues.

The balance in the Economic Stabilization Reserve is \$2,000.

G. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

Deferred inflows of resources - In addition to liabilities, the financial statements include a separate section for deferred inflows of resources. This separate financial

statement element, deferred inflows of resources, represents an acquisition of net position in government-wide financial statements and an acquisition of fund balance in governmental funds, that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports three types of unavailable revenue items, which arise under a modified accrual basis of accounting and qualify for reporting as deferred inflows. Accordingly, these items are reported in the governmental funds balance sheet.

The governmental funds report unavailable revenues from property taxes, special assessments, federal and/or state grant revenues and other account receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

In the City's government-wide statements only the property tax revenues remain as a deferred inflow under the full accrual basis of accounting and will become an inflow in the year for which they are levied. The government-wide Statement of Net Position reports two additional deferred inflows not reported under the modified accrual basis. First is for pension items related to the recording of the net pension liability. The second item, deferred gain on refunding, results from the refunding of debt.

H. REVENUES, EXPENSES AND EXPENDITURES

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

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

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

1. Sales Tax Revenue

The City levies a 3.65% sales tax which is collected monthly by the State of Oklahoma and remitted to the

Note 1. Summary of Significant Accounting Policies, continued

City. The General Fund receives 2% for operations, 1.10% is placed into Sales Tax Funds and is restricted for capital improvements, 0.305% is placed into a Special Revenue fund and is restricted for debt service on indebtedness issued for capital projects, 0.16% is placed into a Special Revenue fund and is restricted for public safety use, and 0.085% is placed into a Special Revenue fund and is restricted for street maintenance and public transportation. The tax is collected by the merchants and remitted to the State. The City receives its tax receipts from the State by the 10th of each month. Vendors owing an average of \$2.5 or more per month to the State are required to remit actual taxes collected plus an estimate of tax collections for the first 15 days of the following month with remittance due by the 20th of that same month. All other vendors are required to remit the actual amount collected (without any estimated tax collections) by the 20th of the following month.

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

2. Property Tax Revenue

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

On or before August 27th of each year, the City submits its sinking fund requirements to the County Excise Board who determines the property tax levy. The County Assessor is required to file a tax roll report on or before October 1st each year with the County Treasurer indicating the net assessed valuation for all real and public service property.

The Oklahoma Tax Commission determines property assessed valuations for railroad, air carrier, and public service corporations. All other property assessed valuations are determined by the applicable county. The assessment ratio in Tulsa County averages 11% of market value. Property tax is levied each October 1st on the assessed valuation of non-exempt real property located in the City as of the preceding January 1st, the lien date. Property taxes are due on November 1st following the levy date, although they may be paid in two equal installments (if the first installment is paid prior to January 1st, the second installment is not delinquent until April 1st). Property taxes are collected by the County Treasurers of Tulsa, Wagoner and Osage Counties, Oklahoma, and are remitted to the City. Property tax receivables are

recorded on the lien date, although the related revenue is reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is levied.

3. Arena Revenues – Naming Rights, Sponsorships

Revenues derived from naming rights and sponsorships are recognized over the life of the agreement, generally 3 to 20 years. Unearned revenue is recorded for amounts received to the extent they exceed amounts earned. Naming rights and sponsorship revenue of \$2,080 has been recognized in the current year.

4. Grant Revenue

The City is a recipient of grant revenues and recognizes revenues, net of estimated uncollectible amounts, when all applicable eligibility requirements are met. Resources received before eligibility requirements are met are reported as unearned revenues.

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

5. Commercial Lease Revenue

TPFA owns a building in downtown Tulsa known as the One Technology Center. The building contains approximately 630,000 square feet of office space. The City leases approximately 286,000 square feet and 344,000 square feet is available for commercial leasing. Approximately 153,000 square feet of space is leased under a capital lease through 2029. Lease revenue recognized in the current year from private business leasing was \$3,064.

6. Investment Income

Investment income from pooled cash and investments is allocated monthly based on the percentage of a fund's average daily equity in pooled cash and investments to the total average daily pooled equity in pooled cash and investments. Investment earnings and losses from the special revenue, agency, debt service, and bond funds are reported net investment earnings of the general fund. The amount allocated in the current year was a loss of \$37.

Note 1. Summary of Significant Accounting Policies, continued

7. Unearned Revenue

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

8. Interfund Transactions

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

9. Payments Between the Primary Government and Component Units

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

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

The General Fund receives payments in lieu of taxes from TMUA and TARE and reports these payments as revenue. These amounts are not reasonably equivalent in value to the services provided. TMUA and TARE report these payments as expenses in their statement of activities.

Below is a summary of significant transactions between the Primary Government and discretely presented component units:

| Payment | From | To | Purpose |
|----------|---------------------------------|--------------|---------------------------|
| \$ 7,344 | General Fund | MTTA | Operating subsidy |
| 100 | Vision Transportation Sales Tax | MTTA | Operating subsidy |
| 303 | Sales Tax Fund | TMUA | For capital acquisitions |
| 6,221 | Sales Tax Fund | MTTA | For capital acquisitions |
| 255 | Sales Tax Fund | TDA | For developer loans |
| 237 | TDA | General Fund | Excess TIF sales tax |
| 13,027 | TMUA | General Fund | Payments in lieu of taxes |
| 1,582 | TARE | General Fund | Payments in lieu of taxes |
| 745 | TDA | City | Capital contributions |

10. Compensated Absences

Vacation and sick leave is granted to all regular and part-time employees. The City's policy permits employees to accumulate earned but unused vacation and sick benefits. The annual amount of vacation time accrued varies from 14 to 26 days depending upon years of service. The maximum amount of vacation time that may be accumulated is twice the amount which may be earned in one calendar year. The liability for sick leave consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive separation payments and other employees who are expected to become eligible in the future to receive such payments upon separation are included. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

11. Post-Employment Benefits

Postemployment benefits are part of an exchange of salaries and benefits for employee services rendered. Of the total benefits offered to attract and retain qualified employees, some benefits, including salaries and active-employee healthcare, are taken while the employees are in active service, whereas other benefits, including retirement and postemployment healthcare, are taken after the employees' services have ended. Nevertheless, both types of benefits constitute compensation for employee services. Pension and other postemployment benefit costs are accounted for on an accrual basis in the government-wide and proprietary fund financial statements, charging expenses in the period incurred, with a corresponding liability for benefits to be paid in

Note 1. Summary of Significant Accounting Policies, continued

future periods along with deferred outflows of resources and deferred inflows of resources for pensions.

12. Operating Subsidies and Grants

Subsidies and grants to proprietary funds, which finance either capital or current operations, are recorded as transfers.

13. Judgments

Judgments (tort and workers' compensation liabilities) rendered against the City are funded through subsequent property tax levies over a three-year period beginning with the first year following the judgment. These judgments are reported in the debt service fund.

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

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

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

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

I. USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying footnotes. Actual results could differ from those estimates.

Note 2. Stewardship, Compliance and Accountability

1. Net Position/Fund Balance Deficit

One Technology Center – This enterprise fund has a deficit net position of \$4,777 resulting from operating income levels insufficient to cover costs. It is the City's intent to secure additional revenues and manage expenses to manage the deficit.

Vision 2025 Capital Projects Fund – This nonmajor capital projects fund has a deficit fund balance of \$274. The City will identify other funds that can be appropriately assigned in order to eliminate the deficit.

2. Tax Abatements

The City of Tulsa provides tax abatements under two economic development programs: the Tax Incentive District Number One and the Retail Incentives Policy.

The Tax Incentive District Number One provides ad valorem tax abatements to promote development within an enterprise zone in downtown Tulsa. The tax abatement was established to encourage the development, renovation and redevelopment of residential, both single-family and multiple-unit dwellings, as well as commercial retail space and hotels. The Program is established in conformity with the provisions of the State's Local Development Act and under the auspices of City Ordinance 18058, as amended by City Ordinance 19168, which authorized the creation of the Tax Incentive District Number One for the City of Tulsa. The abatements up to 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements, are administered as a reduction in the tax bill, and last for up to 6 years (or fewer, if the property is sold).

The City then participates in the ad valorem tax abatement of 15.8%. Abatements are obtained through application by the property owner prior to commencing the improvements and require subsequent provision by the owner of proof that the improvements have been made. Because taxes are not abated until after the improvements have been made, there are no provisions for recapturing abated taxes. The property owner has three years from the date of City Council adoption of the agreement to qualify for the tax exemption, otherwise the agreement immediately terminates. No other commitments were made by the City as part of those agreements. For the fiscal year ended June 30, 2017, the City had four active agreements which resulted in a total tax abatement of \$54 and twelve other agreements which are currently under construction and will not result in tax abatements until such time that the project is completed and the ad valorem taxes are determined by the Tulsa County Tax Assessor.

The Retail Incentives Policy offers individual incentive packages to attract new businesses to the City. The City granted two current abatements to two major business that allow for the Owners to apply for a refund of sales taxes to reimburse their actual costs for construction of certain public infrastructure features that are ancillary to newly constructed facilities. The maximum sales tax abatement is the equivalent of 30 percent from every two cents (\$0.02) of the sales tax revenue stream dedicated by City Ordinance to general operations that the City receives in Sales Tax Revenue attributable to sales at the Owner's facility up to a maximum reimbursement amount per the agreement, regardless of the Owner's actual costs of the public improvements.

Note 2. Stewardship, Compliance and Accountability, continued

For the ended June 30, 2017, the City abated sales taxes totaling \$447 under this program, including the following tax abatement agreements which are the percentage the City considers to be material for purposes of individual disclosure:

| Project Name | Purpose | Percent Abated | Amount Abated |
|------------------------------|---|--|----------------------|
| Costco Wholesale Corporation | To construct a public storm water line and public sanitary sewer line in connection with the acquisition and development of property for the operation and maintenance of a wholesale and retail general merchandise facility with a total investment by the Owner of approximately \$19,000. | 30% from every two cents (\$0.02) of the sales tax revenue stream up to a maximum reimbursement of \$2,000. | \$ 447 |
| Walk at Tulsa Hills | To develop certain real property near the Tulsa Hills shopping center for the operation and maintenance of a retail, dining, and entertainment complex, with parking and other improvements totaling an estimated \$32,500, with an additional estimated \$8,000 in tenant improvements. | 25% from every two cents (\$0.02) of the sales tax revenue stream up to a maximum annual abatement amount of \$250 and a total not to exceed abatement of \$1,200. | \$ - |

Note 3. Deposits and Investments

Custodial Credit Risk—City of Tulsa Policy:

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

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

Certificates of deposit are, according to the City's investment policy, to be collateralized at least by 102% of the amount that is not federally insured. As of June 30, 2017, the City had no deposits exposed to custodial credit risk.

Investments - The City's investment policy requires that securities be registered in the name of the City. This excludes MERP, which has its own investment policy, and credit risk disclosures. All safekeeping receipts for investment instruments are held in accounts in the City's name and all securities are registered in the City's name.

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

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

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

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

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

Concentration of Credit Risk - While the City may choose to maintain one-hundred percent (100%) of its investment portfolio in U. S. Treasury bills, notes, and bonds, at no time will the portfolio be composed of more than seventy percent (70%) related federal agencies. The agencies in which the City invests are outlined in Section 7.0 of the City's investment policy. The policy requires diversification among authorized investment broker/dealers, with not more than fifty percent (50%) of the City's investment portfolio invested through any one financial institution or broker/dealer.

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

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

Note 3. Deposits and Investments, continued

Fair Value Measurements – The City categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for an asset or liability.

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

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

Pooled Portfolio Investments:

| Investments: | Fair Value | Weighted Average Maturity (years) | Concentration | Moody's | S & P | Fair Value Measurement |
|---|-------------------|--|----------------------|----------------|------------------|-------------------------------|
| Investments measured by fair value levels: | | | | | | |
| U.S. Treasury securities | \$ 153,088 | 1.47 | n/a | -- | -- | Level 1 |
| Federal Farm Credit Bank securities | 124,885 | 2.77 | 16.7% | Aaa | AA+ | Level 2 |
| Federal Home Loan Bank securities | 184,844 | 2.37 | 24.7% | Aaa | AA+ | Level 2 |
| Federal Home Loan Mortgage Corporation securities | 112,412 | 2.93 | 15.1% | Aaa | AA+ | Level 2 |
| Federal National Mortgage Association securities | 111,499 | 2.81 | 14.9% | Aaa | AA+ | Level 2 |
| Municipal obligations | 31,118 | 2.19 | 4.2% | AAA | Aaa | Level 2 |
| Municipal obligations | 13,710 | 1.55 | 1.8% | AA | Aa | Level 2 |
| Municipal obligations | 4,996 | 0.84 | 0.7% | -- | AA | Level 2 |
| | 736,552 | | | | | |
| Investments measured at amortized cost: | | | | | | |
| Property tax judgments | 10,597 | 1.15 | 1.42% | -- | -- | |
| | \$ 747,149 | 2.20 | | | | |
| Pooled Portfolio Investments reported in: | | | | | | |
| Governmental activities | \$ 528,883 | | | | | |
| Business-type activities | 29,900 | | | | | |
| Component units | 176,073 | | | | | |
| Fiduciary funds | 10,122 | | | | | |
| Organizations not in reporting entity | 2,171 | | | | | |
| | \$ 747,149 | | | | | |

Note 3. Deposits and Investments, continued

Non- Pooled Investments – Primary Government:

| Governmental Activities | Fair Value | Weighted Average Maturity (years) | Concentration | Moody's | S & P | Fair Value Measurement |
|-----------------------------------|-------------------|--|----------------------|----------------|------------------|-----------------------------------|
| Federal Home Loan Bank securities | \$ 1,066 | 0.69 | 0.2% | Aaa | AA+ | Level 2 |
| Business-type Activities | | | | | | |
| Federal Home Loan Bank securities | \$ 1,562 | 0.69 | 4.8% | Aaa | AA+ | Level 2 |
| U.S. Treasury securities | 745 | 1.25 | n/a | -- | -- | Level 1 |
| | <u>\$ 2,307</u> | <u>1.95</u> | | | | |

Non- Pooled Investments – Fiduciary Funds:

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Municipal Employees Retirement Plan ("MERP") will not be able to recover the value of its investments that are in the possession of the counterparty. Investment securities are exposed to custodial credit risk if they are both uninsured and are not registered in the name of the MERP, and are held by the counterparty or the counterparty's trust department but not in the name of MERP. MERP does not have a policy for custodial credit risk. MERP has no exposure to custodial credit risk because all of MERP's investments that are evidenced by securities are registered in MERP's name.

Credit Risk. Fixed income securities are subject to credit risk. Credit quality rating is one method of assessing the ability of the issuer to meet its obligation. MERP's investment policy requires that at the time of purchase all fixed income portfolios are to be invested primarily in high quality securities but also allows up to 10% of the portfolio to be invested in below grade securities rated lower than BBB- (by Standard & Poor's and Fitch) or BBB3 (by Moody's) and emerging markets bonds.

Note 3. Deposits and Investments, continued

The credit ratings of debt securities held by MERP are as follows:

| Investment Type | Rated | | | | | Not Rated or | |
|---|--------------------------|-----------------|-----------------|-----------------|---------------|------------------|------------------|
| | Standard & Poors/Moody's | | | | | Rating Not | |
| | AAA/Aaa | AA/Aa | A/A | BBB/Baa | BB/Ba | Available | Total |
| U.S. agency obligations | \$ 3,119 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,119 |
| Government mortgage backed securities | 6,367 | - | - | - | - | - | 6,367 |
| Corporate bonds | - | 617 | 1,404 | 5,919 | 357 | - | 8,297 |
| Asset backed securities | 1,544 | 96 | - | 1,025 | - | 151 | 2,816 |
| Commercial mortgage backed securities | 140 | 109 | - | - | - | 1,738 | 1,987 |
| Municipal obligation | 69 | - | - | - | - | - | 69 |
| Foreign obligations | - | 582 | 561 | 898 | 314 | - | 2,355 |
| Domestic fixed income mutual funds ⁽¹⁾ | - | - | - | - | - | 25,357 | 25,357 |
| Foreign fixed income mutual funds ⁽¹⁾ | - | - | - | - | - | 28,436 | 28,436 |
| | <u>\$ 11,239</u> | <u>\$ 1,404</u> | <u>\$ 1,965</u> | <u>\$ 7,842</u> | <u>\$ 671</u> | <u>\$ 55,682</u> | <u>\$ 78,803</u> |

(1)- Commingled funds. Management believes the underlying investments of the commingled funds meet the requirements of the investment policy.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Municipal Employees Retirement Plan ("MERP") will not be able to recover the value of its investments that are in the possession of the counterparty. Investment securities are exposed to custodial credit risk if they are both uninsured and are not registered in the name of the MERP, and are held by the counterparty or the counterparty's trust department but not in the name of MERP. MERP does not have a policy for custodial credit risk. MERP has no exposure to custodial credit risk because all of MERP's investments that are evidenced by securities are registered in MERP's name.

Concentration of Credit Risk. MERP's investment guidelines do not specifically address concentration of credit risk. The asset allocation guidelines for fixed income investments at June 30, 2017 were 24% strategic with a lower limit of 20% and an upper limit of 28%.

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

Foreign Currency Risk. MERP'S policy is to invest in International Equities at a strategic asset allocation of 24% with a lower limit of 20% and an upper limit of 28%. Responsibility for foreign currency management has been delegated to MERP's investment managers.

Note 3. Deposits and Investments, continued

MERP's investments with associated maturities and fair value measurements:

| | <u>Fair Value</u> | <u>Weighted Average Maturity (years)</u> | <u>Fair Value Measurement</u> |
|---|-------------------|--|-------------------------------|
| Investments measured by fair value levels: | | | |
| U.S. Treasury securities | \$ 23,153 | 7.15 | Level 1 |
| Federal Home Loan Mortgage Corp securities | 3,119 | 24.09 | Level 2 |
| Federal National Mortgage Association securities | 4,531 | 23.15 | Level 2 |
| Government National Mortgage Association securities | 1,836 | 5.16 | Level 2 |
| Equity mutual funds | 11,722 | n/a | Level 1 |
| Foreign equity mutual funds | 69,712 | n/a | Level 1 |
| Corporate obligations | 13,100 | 12.50 | Level 2 |
| Municipal obligations | 69 | 29.92 | Level 2 |
| Foreign obligations | 2,355 | 6.62 | Level 2 |
| Common Stock | 32,244 | n/a | Level 1 |
| Preferred Stock | 952 | n/a | Level 2 |
| Investments measured by fair value levels: | <u>162,793</u> | | |
| Investments measured by NAV: | | | |
| Equity mutual funds | 152,643 | n/a | |
| Foreign equity mutual funds | 17,337 | n/a | |
| Domestic fixed income mutual funds | 25,357 | n/a | |
| Foreign fixed income mutual funds | 28,436 | n/a | |
| Real Estate funds | 32,929 | n/a | |
| Timber Limited Partnership | 21,065 | n/a | |
| Investments measured by NAV: | <u>277,767</u> | 14.26 | |
| | <u>\$ 440,560</u> | | |

Note 3. Deposits and Investments, continued

Non- Pooled Investments – Fiduciary Funds:

Investments measured by Net Asset Value (NAV):

The fair value of certain investment of MERP are established by using the net asset value (NAV) per share (or its equivalent), such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed. The NAV provided by the investee is measured as of the City's fiscal year end and is not categorized within the fair value hierarchy.

MERP invests in two real estate funds. These funds make strategic property acquisition primarily in the U.S. As part of the valuation process, independent appraisers value properties on an annual basis (at a minimum). The funds are valued at NAV monthly. The funds allow withdrawals once per quarter subject to "available cash" as determined by a pool trustee with 45 days advance written notice. MERP had no unfunded commitments to the real estate funds.

MERP invests in a timber partnership. The partnership seeks to gain income through acquisition, holding and sale of timberland primarily in the U.S. The term of the partnership is ten years with options to extend. MERP receives income distributions. In general, redemption in this investment won't occur until the partnership has ended. MERP had commitments of \$1,467 remaining at June 30, 2017 to the timber partnership.

MERP invests in multiple mutual funds for both equity and fixed income investments seeking to achieve positive returns utilizing experienced portfolio managers. For certain mutual funds quoted market prices are not able to be obtained from exchanges. These investments are instead valued using NAV at least monthly. The funds allow for withdraw at the most recent valued date or end of the month with some funds requiring 30 days notice. MERP had no unfunded commitments to the mutual funds.

For the City and MERP, the following fair value techniques were utilized in measuring the fair value of its investments:

U.S. Treasury securities, corporate equities and mutual funds: These investments are reported at fair value based on quoted market prices obtained from exchanges.

Corporate obligations and fixed income securities:

These investments are reported at fair value based on evaluation using market sources and integrating relative credit information, observed market movements, and sector news into the evaluated pricing applications and models.

U.S. Government securities: U.S. Government securities are reported at fair value based on bullet (non-call) spread scale for each issuer for maturities going out to forty years. These spreads represent credit risk and are obtained from the new issue market, secondary trading, and dealer quotes.

An Option Adjusted Spread (OAS) model is incorporated to adjust spreads of issues that have early redemption features. Final spreads are added to a U.S. Treasury curve. A cash discounting yield/price routine calculates prices from final yields to accommodate odd coupon payment dates typical of medium-term notes.

Mortgage-backed securities: Mortgage-backed securities are reported at fair value via model using various inputs such as but not limited to daily cash flow, snapshots of the TBA market and the U.S. Treasury market, floating rate Indices such as LIBOR, CMT and Prime as a benchmark yield, spread over index, periodic and life caps, next coupon adjustment date, and convertibility of the bond.

Municipal bonds: Municipal bonds are reported at fair value based on trades, bid price or spread, two-sided markets, quotes, benchmark curves including but not limited to treasury benchmarks and LIBOR and swap curves, market data feeds such as MSRB, financial statements, discount rate, capital rates, and trustee reports.

Preferred stock: Preferred stock is reported at fair value by calculating the appropriate spread over a comparable U.S. Treasury security for each issue. These spreads represent the amount of additional yield required to account for the risks inherent with preferred stocks, including credit, refunding and liquidity. Evaluators obtain benchmark quotes on liquid issues, follow both the listed and new issue market, and focus on changing market conditions.

The City has no assets reported at fair value on a nonrecurring basis and no other investments meeting the fair value disclosure requirements.

Note 4. Receivables

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

| Governmental Funds | | | | | | | | |
|------------------------------------|-------------------------|-------------------------|----------------------|---|--|---|---------------------------------------|--|
| | General Fund | Debt Service | Sales Tax | Limited- Purpose Sales Tax | Nonmajor Governmental Funds | Total Governmental Funds | Internal Service Funds | Total Governmental Activities |
| Current receivables, net: | | | | | | | | |
| Interest receivable | \$ 933 | \$ - | \$ 570 | \$ 39 | \$ 30 | \$ 1,572 | \$ 50 | \$ 1,622 |
| Taxes receivable | 27,721 | 81,084 | 11,486 | 3,928 | 3,615 | 127,834 | - | 127,834 |
| Accounts receivable | 3,606 | - | 11 | - | 950 | 4,567 | 569 | 5,136 |
| Due from other governments | - | - | - | - | 10,488 | 10,488 | - | 10,488 |
| | <u>32,260</u> | <u>81,084</u> | <u>12,067</u> | <u>3,967</u> | <u>15,083</u> | <u>144,461</u> | <u>619</u> | <u>145,080</u> |
| Less: Allowance for uncollectibles | (2,294) | (143) | - | - | (109) | (2,546) | - | (2,546) |
| | <u>\$ 29,966</u> | <u>\$ 80,941</u> | <u>\$ 12,067</u> | <u>\$ 3,967</u> | <u>\$ 14,974</u> | <u>\$ 141,915</u> | <u>\$ 619</u> | <u>\$ 142,534</u> |

| Business-type Activities Enterprise Funds | | | | | | |
|--|----------------------------------|--------------------------------------|--|------------------------------------|-------------------------|---|
| | Stormwater Management | One Technology Center | Arena & Convention Center | Tulsa Stadium Trust | Golf Courses | Total Business-type Activities |
| Current receivables, net: | | | | | | |
| Interest receivable | \$ 48 | \$ 17 | \$ 14 | \$ - | \$ 1 | \$ 80 |
| Utility receivable | 3,155 | - | - | - | - | 3,155 |
| Accounts receivable, gross | - | 476 | 1,813 | 4 | - | 2,293 |
| Capital lease receivable | - | 675 | - | - | - | 675 |
| | <u>3,203</u> | <u>1,168</u> | <u>1,827</u> | <u>4</u> | <u>1</u> | <u>6,203</u> |
| Less: Allowance for uncollectibles | (77) | - | (55) | - | - | (132) |
| | <u>\$ 3,126</u> | <u>\$ 1,168</u> | <u>\$ 1,772</u> | <u>\$ 4</u> | <u>\$ 1</u> | <u>\$ 6,071</u> |
| Noncurrent receivables, net: | | | | | | |
| Capital lease receivable | - | 10,141 | - | - | - | 10,141 |
| Interest receivable | 26 | - | - | - | - | 26 |
| | <u>\$ 26</u> | <u>\$ 10,141</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 10,167</u> |

Note 4. Receivables, continued

TPFA Capital Lease - On August 28, 2013, the TPFA entered into an amended lease agreement (agreement) with a tenant of OTC effective July 1, 2013 for approximately 153,000 square feet of commercial office space at One Technology Center ("OTC"). The agreement extended the term of the lease to June 30, 2029. Lease payments will total \$2,207 annually. The tenant assigned the lease to an affiliated company. Throughout the term of the lease, \$1,200 of the total annual lease payments will be applied to the lease and the remainder will be apportioned to operating expense reimbursement. The affiliated company will have the option to purchase the occupied space for one dollar at June 30, 2029. TPFA accounts for the lease agreement as a capital lease.

Minimum future rentals on the capital lease are as follows:

| TPFA Capital Lease | | | |
|---------------------------|------------------|-----------------|------------------|
| Years | Principal | Interest | Total |
| 2018 | \$ 675 | \$ 525 | \$ 1,200 |
| 2019 | 710 | 490 | 1,200 |
| 2020 | 746 | 454 | 1,200 |
| 2021 | 784 | 416 | 1,200 |
| 2022 | 824 | 376 | 1,200 |
| 2023-2027 | 4,797 | 1,203 | 6,000 |
| 2028-2029 | 2,280 | 120 | 2,400 |
| | <u>\$ 10,816</u> | <u>\$ 3,584</u> | <u>\$ 14,400</u> |

Component Units

| | Tulsa Metropolitan Utility Authority | Tulsa Authority for Recovery of Energy | Tulsa Airports | Other Component Units | Total Component Units |
|------------------------------------|---|---|---------------------------|--------------------------------------|--------------------------------------|
| Current receivables, net: | | | | | |
| Interest receivable | \$ 438 | \$ 48 | \$ 6 | \$ 61 | \$ 553 |
| Taxes receivable | 2,337 | - | - | 15 | 2,352 |
| Accounts receivable | 452 | - | 1,854 | 364 | 2,670 |
| Utility receivable | 29,817 | 3,218 | - | - | 33,035 |
| Due from other governments | - | - | 1,362 | 1,298 | 2,660 |
| | <u>33,044</u> | <u>3,266</u> | <u>3,222</u> | <u>1,738</u> | <u>41,270</u> |
| Less: Allowance for uncollectibles | (260) | (37) | (20) | - | (317) |
| | <u>\$ 32,784</u> | <u>\$ 3,229</u> | <u>\$ 3,202</u> | <u>\$ 1,738</u> | <u>\$ 40,953</u> |
| Noncurrent receivables: | | | | | |
| Notes receivable | - | - | - | 20,164 | 20,164 |
| Accounts receivable | - | - | 777 | - | 777 |
| Interest receivable | 101 | - | 6 | - | 107 |
| | <u>\$ 101</u> | <u>\$ -</u> | <u>\$ 783</u> | <u>\$ 20,164</u> | <u>\$ 21,048</u> |

Note 5. Payables

Payables for the City's individual major funds, aggregate nonmajor governmental funds, internal service funds, enterprise funds, and component units are as follows:

| | Governmental Funds | | | | | Internal Service Funds | Total Governmental Funds | Adjustments to Government Wide Statements | Total Governmental Activities |
|------------------|--------------------|-----------------|------------------|-----------------------------|------------------|------------------------|--------------------------|---|-------------------------------|
| | General | Bond | Sales Tax | Nonmajor Governmental Funds | Total | | | | |
| Accounts payable | \$ 4,082 | \$ 7,765 | \$ 10,524 | \$ 2,622 | \$ 24,993 | \$ 1,266 | \$ 26,259 | \$ - | \$ 26,259 |
| Accrued payroll | 3,351 | - | - | 77 | 3,428 | 81 | 3,509 | - | 3,509 |
| Accrued interest | - | - | - | - | - | 45 | 45 | 4,530 | 4,575 |
| | <u>\$ 7,433</u> | <u>\$ 7,765</u> | <u>\$ 10,524</u> | <u>\$ 2,699</u> | <u>\$ 28,421</u> | <u>\$ 1,392</u> | <u>\$ 29,813</u> | <u>\$ 4,530</u> | <u>\$ 34,343</u> |

| | Business-type Activities - Enterprise Funds | | | | | |
|------------------|---|-----------------------|---------------------------|---------------------|---------------|-----------------|
| | Stormwater Management | One Technology Center | Arena & Convention Center | Tulsa Stadium Trust | Golf Courses | Total |
| Accounts payable | \$ 1,896 | \$ 418 | \$ 3,444 | \$ 1 | \$ 164 | \$ 5,923 |
| Accrued payroll | 148 | 13 | - | - | - | 161 |
| Accrued interest | - | 412 | 129 | 79 | - | 620 |
| | <u>\$ 2,044</u> | <u>\$ 843</u> | <u>\$ 3,573</u> | <u>\$ 80</u> | <u>\$ 164</u> | <u>\$ 6,704</u> |

| | Component Units | | | | |
|------------------|--------------------------------------|--|-----------------|-----------------------|-----------------------|
| | Tulsa Metropolitan Utility Authority | Tulsa Authority for Recovery of Energy | Tulsa Airports | Other Component Units | Total Component Units |
| Accounts payable | \$ 14,790 | \$ 1,461 | \$ 2,896 | \$ 2,425 | \$ 21,572 |
| Accrued payroll | 808 | 61 | 323 | 312 | 1,504 |
| Accrued interest | 4,781 | - | 776 | 183 | 5,740 |
| | <u>\$ 20,379</u> | <u>\$ 1,522</u> | <u>\$ 3,995</u> | <u>\$ 2,920</u> | <u>\$ 28,816</u> |

Note 6. Interfund Transactions

Primary government interfund receivables and payables consist of the following:

| <u>Amount</u> | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> | <u>Purpose</u> |
|-----------------|-----------------------------|------------------------------|-----------------------------|
| 1,000 | General Fund | Federal and State Grants | To finance grant projects |
| 209 | General Fund | Vision 2025 Capital Projects | To finance capital projects |
| <u>\$ 1,209</u> | | | |

| | <u>Advances To Other Funds</u> | <u>Advances From Other Funds</u> | <u>Purpose</u> |
|---------------|--------------------------------|----------------------------------|----------------------|
| 146 | General Fund | Office Services | To provide cash flow |
| <u>\$ 146</u> | | | |

| | <u>Advances To Primary Government</u> | <u>Advances From Component Units</u> | <u>Purpose</u> |
|---------------|---------------------------------------|--------------------------------------|---|
| 127 | Tulsa Airports | General Fund | Payment in advance - Fire Department services |
| 12 | TMUA | Bond | To subsidize capital improvements |
| <u>\$ 139</u> | | | |

| | <u>Advances To Component Units</u> | <u>Advances From Primary Government</u> | <u>Purpose</u> |
|-----------------|------------------------------------|---|-----------------------------------|
| 326 | General Fund | MTTA | To provide cash flow |
| 2,981 | TPFA Internal Service Fund | TARE | To subsidize capital improvements |
| <u>\$ 3,307</u> | | | |

Note 6. Interfund Transactions, continued

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

| Transfers To | Total | Transfers From | | | | | |
|---------------------------------|-----------|----------------|-----------|----------------|-----------------------------|------------------------|----------------------------|
| | | General Fund | Bond Fund | Sales Tax Fund | Nonmajor Governmental Funds | Internal Service Funds | Stormwater Management Fund |
| Governmental Funds: | | | | | | | |
| Major Funds: | | | | | | | |
| General Fund | \$ 2,305 | \$ - | \$ - | \$ - | \$ 650 | \$ - | \$ 1,655 |
| Nonmajor Funds | 2,068 | 10 | - | 1,921 | - | - | 137 |
| Total Governmental Funds | 4,373 | 10 | - | 1,921 | 650 | - | 1,792 |
| Internal Service Funds | 3,978 | - | - | 1,978 | - | 2,000 | - |
| Enterprise Funds: | | | | | | | |
| Stormwater Management Fund | 2,405 | - | 1,081 | 898 | 426 | - | - |
| One Technology Center | 164 | - | - | 164 | - | - | - |
| Arena & Convention Center | 2,540 | - | - | - | 2,540 | - | - |
| Tulsa Stadium Trust | 2,159 | - | - | - | 2,159 | - | - |
| Golf Courses Fund | 307 | 75 | - | 232 | - | - | - |
| Total Enterprise Funds | 7,575 | 75 | 1,081 | 1,294 | 5,125 | - | - |
| Total Primary Government | \$ 15,926 | \$ 85 | \$ 1,081 | \$ 5,193 | \$ 5,775 | \$ 2,000 | \$ 1,792 |

| Transfers - in | | Transfers - out | |
|---------------------------------|------------------|---------------------------------|------------------|
| Governmental Funds | \$ 4,373 | Governmental Funds | \$ 12,134 |
| Internal Service Funds | 3,978 | Internal Service Funds | 2,000 |
| Enterprise Funds | 7,575 | Enterprise Funds | 1,792 |
| Total Primary Government | \$ 15,926 | Total Primary Government | \$ 15,926 |

1. Purpose of Transfers

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

2. Eliminations

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

Note 7. Capital Assets

Capital asset activity for the year ended is as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|--|----------------------|-------------------|---------------------|---------------------|
| GOVERNMENTAL ACTIVITIES: | | | | |
| Nondepreciable capital assets: | | | | |
| Land | \$ 39,143 | \$ 2,505 | \$ - | \$ 41,648 |
| Land - Infrastructure use | 488,427 | - | - | 488,427 |
| Construction in progress: | | | | |
| General government | 27,551 | 40,765 | (37,054) | 31,262 |
| Infrastructure | 152,330 | 98,516 | (105,974) | 144,872 |
| Total construction in progress | 179,881 | 139,281 | (143,028) | 176,134 |
| Total nondepreciable capital assets | 707,451 | 141,786 | (143,028) | 706,209 |
| Depreciable capital assets: | | | | |
| Land improvements | 84,576 | - | (920) | 83,656 |
| Buildings | 194,600 | 25,344 | (5) | 219,939 |
| Equipment | 191,459 | 13,047 | (5,377) | 199,129 |
| Street network | 3,211,463 | 101,953 | (68) | 3,313,348 |
| Bridge network | 39,424 | 1,143 | - | 40,567 |
| Total depreciable capital assets | 3,721,522 | 141,487 | (6,370) | 3,856,639 |
| Total capital assets | 4,428,973 | 283,273 | (149,398) | 4,562,848 |
| Accumulated depreciation: | | | | |
| Land improvements | (53,926) | (1,438) | 1 | (55,363) |
| Buildings | (79,197) | (5,328) | 2 | (84,523) |
| Equipment | (123,617) | (11,227) | 5,094 | (129,750) |
| Street network | (2,562,143) | (36,743) | - | (2,598,886) |
| Bridge network | (8,927) | (1,692) | - | (10,619) |
| Total accumulated depreciation | (2,827,810) | (56,428) | 5,097 | (2,879,141) |
| Total depreciable capital assets, net | 893,712 | 85,059 | (1,273) | 977,498 |
| Governmental activities capital assets, net | \$ 1,601,163 | \$ 226,845 | \$ (144,301) | \$ 1,683,707 |

Note 7. Capital Assets, continued

| | Beginning Balance | Additions | Reductions | Ending Balance |
|---|----------------------|-------------------|--------------------|---------------------|
| BUSINESS-TYPE ACTIVITIES: | | | | |
| Nondepreciable capital assets: | | | | |
| Land | \$ 95,359 | \$ 3,082 | \$ - | \$ 98,441 |
| Works of Art | 653 | - | - | 653 |
| Construction in progress | 10,226 | 8,424 | (16,424) | 2,226 |
| Total nondepreciable assets | <u>106,238</u> | <u>11,506</u> | <u>(16,424)</u> | <u>101,320</u> |
| Depreciable capital assets: | | | | |
| Land improvements | 375,988 | 18,414 | - | 394,402 |
| Buildings | 289,662 | 487 | - | 290,149 |
| Equipment | 59,395 | 763 | (746) | 59,412 |
| Total depreciable capital assets | <u>725,045</u> | <u>19,664</u> | <u>(746)</u> | <u>743,963</u> |
| Total capital assets | <u>831,283</u> | <u>31,170</u> | <u>(17,170)</u> | <u>845,283</u> |
| Accumulated depreciation: | | | | |
| Land improvements | (118,108) | (10,614) | - | (128,722) |
| Buildings | (90,463) | (8,952) | - | (99,415) |
| Equipment | (38,604) | (4,210) | 738 | (42,076) |
| Total accumulated depreciation | <u>(247,175)</u> | <u>(23,776)</u> | <u>738</u> | <u>(270,213)</u> |
| Total depreciable capital assets, net | <u>477,870</u> | <u>(4,112)</u> | <u>(8)</u> | <u>473,750</u> |
| Business-type activities capital assets, net | <u>\$ 584,108</u> | <u>\$ 7,394</u> | <u>\$ (16,432)</u> | <u>\$ 575,070</u> |
| DISCRETELY PRESENTED COMPONENT UNITS: | | | | |
| Nondepreciable capital assets: | | | | |
| Land, easements and other | 189,859 | 2,127 | (16) | 191,970 |
| Water rights | 9,594 | - | - | 9,594 |
| Construction in progress | 100,327 | 63,972 | (94,399) | 69,900 |
| Total nondepreciable capital assets | <u>299,780</u> | <u>66,099</u> | <u>(94,415)</u> | <u>271,464</u> |
| Depreciable capital assets: | | | | |
| Land improvements and water and sewer lines | 1,952,520 | 78,132 | (15,412) | 2,015,240 |
| Buildings | 359,392 | 32,560 | - | 391,952 |
| Equipment | 143,141 | 20,479 | (9,609) | 154,011 |
| Total depreciable capital assets | <u>2,455,053</u> | <u>131,171</u> | <u>(25,021)</u> | <u>2,561,203</u> |
| Total capital assets | <u>2,754,833</u> | <u>197,270</u> | <u>(119,436)</u> | <u>2,832,667</u> |
| Accumulated depreciation: | | | | |
| Land improvements and water and sewer lines | (781,532) | (40,772) | 15,040 | (807,264) |
| Buildings | (197,011) | (10,278) | - | (207,289) |
| Equipment | (84,988) | (11,089) | 8,921 | (87,156) |
| Total accumulated depreciation | <u>(1,063,531)</u> | <u>(62,139)</u> | <u>23,961</u> | <u>(1,101,709)</u> |
| Total depreciable capital assets, net | <u>1,391,522</u> | <u>69,032</u> | <u>(1,060)</u> | <u>1,459,494</u> |
| Component unit capital assets, net | <u>\$ 1,691,302</u> | <u>\$ 135,131</u> | <u>\$ (95,475)</u> | <u>\$ 1,730,958</u> |

Depreciation expense is charged to functional activities as follows:

| Governmental Activities | | Business-type Activities | | Component Units | |
|---------------------------------|------------------|---------------------------|------------------|-----------------|------------------|
| General government | \$ 205 | Stormwater Management | \$ 9,730 | TMUA | \$ 39,041 |
| Public safety and protection | 9,709 | One Technology Center | 1,229 | TARE | 1,932 |
| Public works and transportation | 42,478 | Arena & Convention Center | 10,499 | Tulsa Airports | 16,297 |
| Social and economic development | 191 | Tulsa Stadium Trust | 1,995 | Other | 4,869 |
| Culture and recreation | 3,845 | Golf Courses | 323 | | <u>\$ 62,139</u> |
| | <u>\$ 56,428</u> | | <u>\$ 23,776</u> | | |

Note 8. Risk Management

The City is exposed to various risk of loss related to the following: workers' compensation; torts including errors and omissions; theft of, damage to and destruction of assets; and natural disasters. The City purchases commercial insurance for general liability and property damage as well as employee health and dental. There have been no significant reductions in insurance coverage in the current year or in the three prior years.

Judgments against the City for workers' compensation and torts are recovered through property taxes. As judgments are paid they are included in property tax levies over the following three years. Property tax revenue and expenditures for judgments as paid are included in the Debt Service Fund. The City records a liability in the entity wide statements for judgments.

The City self-insures for medical and injury leave related to workers' compensation claims not included in a judgment. These claims are paid from the City's Employee Insurance Fund and funded by charges to the City's other funds and component units, and is based primarily upon the contributing funds' claims experience.

Liabilities for judgments and workers' compensation claims are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liability also includes an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, economic and social factors, and trends in damage awards. Accordingly, claims are reevaluated periodically to consider the effect of these factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expense related to specific claims and other claim adjustment expense regardless of whether allocated to specific claims. Estimated recoveries, for example subrogation, are another component of the liability estimate.

Changes in the balances of claims liability, including judgments, during the past two years are as follows:

| Workers' Compensation Liability | 2017 | 2016 |
|--|------------------|------------------|
| Claims liability at beginning of year | \$ 18,542 | \$ 20,306 |
| Current year claims and changes in estimates | 4,436 | 3,242 |
| Claims payments | <u>(3,566)</u> | <u>(5,006)</u> |
| Claims liability at end of year | <u>19,412</u> | <u>18,542</u> |
| | | |
| Tort Claims Liability | | |
| Claims liability at beginning of year | 10,563 | 11,129 |
| Current year claims and changes in estimates | 526 | 8,965 |
| Claims payments | <u>(3,938)</u> | <u>(9,531)</u> |
| Claims liability at end of year | <u>7,151</u> | <u>10,563</u> |
| | | |
| Total claims liability | <u>\$ 26,563</u> | <u>\$ 29,105</u> |

Note 9. Pension and Deferred Compensation Plans

Each qualified employee is included in one of the three pension plans in which the City participates. The three plans are:

- Municipal Employees’ Retirement Plan (“MERP”)
- Oklahoma Firefighters Pension Fund
- Oklahoma Police Pension and Retirement System

Plan information is as follows. Unless otherwise described, amounts relate to the primary government of the City and exclude discretely presented component units.

Below is a summary of amounts reported by the City:

| | MERP | Firefighters | OPPRS | Total |
|--------------------------------|-----------|--------------|-----------|------------|
| Net Pension Liability | \$ 95,838 | \$ 203,300 | \$ 28,084 | \$ 327,222 |
| Deferred Outflows of Resources | 19,562 | 33,286 | 34,298 | 87,146 |
| Deferred Inflows of Resources | 13,079 | 7,711 | 4,003 | 24,793 |
| Pension Expense | 8,676 | 20,846 | 9,868 | 39,390 |

A. MUNICIPAL EMPLOYEES’ RETIREMENT PLAN

1. Plan Description - MERP is a cost-sharing multiple-employer defined benefit pension trust. MERP covers full-time non-sworn employees of the City, its component units and employees of four other governmental organizations.

The Plan was established by the City in accordance with the City Charter and State statutes, and provides retirement, disability and death benefits to plan members.

Management of the Plan is vested in the Board of Trustees consisting of seven members – two elected by active plan members, one elected by retirees, two mayoral appointments and the Director of Finance and the Director of Human Resources who serve as ex-officio members.

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

2. Summary of Significant Accounting Policies

Basis of Accounting – The MERP financial statements are prepared on the accrual basis of accounting.

Employer and employee contributions are recognized when due and a formal commitment to provide the contributions is made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investment income is recognized when earned. Investments are reported at fair value in accordance with the fair value techniques disclosed in Note 3. Realized gains and losses on sales and exchanges are recognized on the transaction date. Changes in fair value between periods are reported as investment income.

3. Benefits and Refunds Paid - Any member whose years of continuous employment, when added to the member’s age equals or exceeds 80, may retire without a reduction in the monthly benefit. The amount of retirement benefit is established by City ordinance and is equal to 2.35% of final average earnings of highest 30 months within last five years of service, up to covered compensation, times years of service.

Pension provisions include death benefits for the surviving spouse. Disability benefits are determined in the same manner as normal retirement. Benefits vest at 100% after five years of service.

4. Membership data (for MERP):

| | |
|----------------------------------|-------|
| Active members | 2,404 |
| Retirees and beneficiaries | |
| currently receiving benefits | 1,953 |
| Inactive members entitled to but | |
| not yet receiving benefits | 296 |
| | 4,653 |

5. Contributions - The contribution requirements of active members and the participating employers are established by City ordinance. Plan members are required to contribute 6.5% of covered compensation to the Plan. The City is required to contribute the remaining amounts necessary to fund the system, which was 11.5% of covered compensation for 2017. During the year the City contributed \$6,744 in employer contributions.

Note 9. Pension and Deferred Compensation Plans, continued

6. Investments - The Board of Trustees established an investment policy guiding the allocation of invested assets. This policy may be amended by the Board of Trustees. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan.

7. Asset Allocation - Following is the Plans' asset allocation policy, and the long-term expected geometric real rate of return for each major asset class:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|----------------------|--------------------------|---|
| Fixed income | 24% | 1.16% |
| Domestic equity | 36% | 6.19% |
| International equity | 24% | 6.59% |
| Real estate | 8% | 4.24% |
| Commodities | 3% | 0.40% |
| Timber | 4% | 3.75% |
| Cash | 1% | 0.11% |

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

For the year ended, the annual money-weighted rate of return on MERP investments, net of investment expense, was 13.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

8. Net Pension Liability (for MERP):

| | |
|--|-------------------|
| Total pension liability | \$ 645,337 |
| Plan fiduciary net position | (447,767) |
| Net pension liability | <u>\$ 197,570</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>69.4%</u> |

The total pension liability was determined using an actuarial valuation date of January 1, 2017 rolled forward from the valuation date to the fiscal year ending June 30, 2017 using generally accepted actuarial principals and methods.

Proportionate share and net pension liability reported in:

| | | |
|---------------------------------------|------------------|-------------------|
| Governmental activities | 42.5726% | \$ 84,110 |
| Business type activities | 5.9358% | 11,728 |
| Component units | 38.1605% | 75,394 |
| Organizations not in reporting entity | 13.3311% | 26,338 |
| | <u>100.0000%</u> | <u>\$ 197,570</u> |

9. Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of the date below.

| | |
|-----------------------------|---|
| Valuation date | January 1, 2017 |
| Investment rate of return* | 7.50% |
| Projected salary increases* | 4.00% - 11.75% |
| * Includes inflation at | 3.00% |
| Mortality rates | RP-2014 Combined Healthy Mortality Tables with Blue Collar adjustments. |

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

10. Discount Rate (for MERP) - A discount rate of 7.5% was used to measure the total estimated pension liability. This discount rate was based on an expected rate of return on pension plan investments of 7.5%.

The projection of cash flows used to determine this discount rate assumed that MERP member contributions will be made at the current contribution rate and that employer contributions will be made as specified in MERP's funding policy.

Beginning July 1, 2017, and all future years, it is assumed that the employer contribution rate will increase to 15.5% of payroll, which is the actuarially determined contributions rate.

Based on these assumptions, MERP's fiduciary net position and future contributions were sufficient to finance all the future benefit payments of the current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

Note 9. Pension and Deferred Compensation Plans, continued

Regarding the sensitivity of the net pension liability to changes in the discount rate, the following presents the Plan's estimated net pension liability, calculated using a discount rate of 7.5% as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower and higher.

| | 1% Decrease 6.50% | Discount Rate 7.50% | 1% Increase 8.50% |
|-----------------------|-------------------------|---------------------------|-------------------------|
| Plan | \$273,223 | \$197,570 | \$134,157 |
| Primary Government | \$132,536 | \$ 95,838 | \$ 65,077 |

11. Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

The primary government's pension expense for the year was \$8,676. At June 30, 2017, the primary government's deferred outflows of resources and deferred inflows of resources were as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual plan experience | \$ 795 | \$ 4,148 |
| Assumption Change | 16,301 | 7,221 |
| Net difference between projected and actual earnings on pension plan investments | 903 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 1,563 | 1,710 |
| | <u>\$ 19,562</u> | <u>\$ 13,079</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Year ended June 30 th | |
|----------------------------------|-----------------|
| 2018 | \$ (2,189) |
| 2019 | 7,853 |
| 2020 | 3,062 |
| 2021 | (2,243) |
| | <u>\$ 6,483</u> |

B. OKLAHOMA FIREFIGHTERS PENSION AND RETIREMENT SYSTEM

The Firefighters Plan is a statewide retirement system for firefighters, and is administered by the State of Oklahoma. The City is neither involved in the administration of the Firefighters System nor does it maintain the accounting records or hold Plan investments.

Unless otherwise indicated, information in this note related to the Firefighters Pension and Retirement systems are provided as of July 1, 2016, the most recent actuarial valuation.

1. Plan Description - Sworn firefighters of the City are provided with pensions through the Oklahoma Firefighters Pension Retirement System (Firefighters System)—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension Plan established by Oklahoma Statutes for both paid and volunteer firefighters of participating municipalities and protection districts. Firefighters System provides retirement and death benefits which are established by State statute to plan members and beneficiaries. Firefighters System issues a publicly available financial report that includes financial statements and required supplementary information. The report is located at <http://www.ok.gov/fprs/Financials/index.html>.

2. Benefits provided - In general, the Firefighters System provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. Benefits are established and amended by State statute. The normal retirement date is the date upon which the participant completes 20 years of credited service, regardless of age for participants who entered the plan prior to November 1, 2013. For participants entering the plan after November 1, 2013 normal retirement is upon completion of 22 years of services and at least age 50. Normal benefits equal 50% of final average compensation for participants entering prior to November 1, 2013 and 55% of final average compensation for participants entering after November 1, 2013.

3. Contributions - The Oklahoma Legislature sets the required contribution rate based on payroll and is not determined by actuary calculations. The City's contractually required contribution rate for the year ended June 30, 2017, was 14% of annual payroll, employee participants were required to contribute 9%. Contributions to the pension plan from the City were \$6,762 for the year ended June 30, 2017. The State of Oklahoma, a non-employer contributing agency, contributes 36% of taxes received

Note 9. Pension and Deferred Compensation Plans, continued

from the tax on premiums collected by insurance companies operating in Oklahoma. The State of Oklahoma contributed \$15,364 to the Firefighters System on behalf of the City for the year ended June 30, 2017.

4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the City reported a liability of \$203,300 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating governments. At June 30, 2016, the City's proportion was 16.6406%.

For the year ended June 30, 2017, the City recognized pension expense of \$20,846. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual Plan experience | \$ 5,450 | \$ - |
| Net difference between projected and actual earnings on pension plan investments | 12,439 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 8,635 | 7,711 |
| City contributions subsequent to the measurement date | 6,762 | - |
| | <u>\$ 33,286</u> | <u>\$ 7,711</u> |

\$6,762 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

The deferred outflow related to the difference between projected and actual investment earnings is being amortized over a closed 5-year period beginning in the current year. The remaining amount of deferred outflows and inflows of resources are being amortized over a closed period equal to the average of the expected service lives of all participants as of the beginning of the associated measurement period, which

was 6.26 to 6.37 years. Amounts reported as deferred outflows of resources (other than contributions) and deferred inflows of resources related to pensions will be recognized in pension expense (gain) as follows:

| Year | Amortization of Deferred Outflows |
|------------|---|
| 2018 | \$ 1,430 |
| 2019 | 1,430 |
| 2020 | 7,906 |
| 2021 | 5,862 |
| 2022 | 1,620 |
| Thereafter | 565 |
| | <u>\$ 18,813</u> |

5. Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-----------------------------|--|
| Investment rate of return* | 7.5% compounded annually, net of investment expense |
| Projected salary increases* | 3.5% - 9.0% |
| * Includes inflation at | 3.00% |

Mortality rates were based on the RP-2000 Combined Healthy Blue Collar adjustments, as appropriate, with adjustments for generational mortality improvements based on Scale AA for healthy lives and no mortality improvements for disabled lives.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2012.

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

Note 9. Pension and Deferred Compensation Plans, continued

| Asset Class | Target Allocation |
|-----------------------|-------------------|
| Equities | 62% |
| Fixed income | 20% |
| Real estate and other | 18% |
| | <u>100%</u> |

| Asset Class | Long-Term Expected Real Rate of Return |
|----------------------|--|
| Domestic equity | 8.70% |
| International equity | 10.87% |
| Fixed income | 5.18% |
| Real estate | 7.23% |
| Other investments | 6.24% |

Pension plan fiduciary net position- Detailed information about the pension plan's fiduciary net position is available in the separately issued Firefighters System financial report; which can be located at <http://www.ok.gov/fprs/>.

C. OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

1. Plan Description - Sworn police officers of the City are provided with pensions through the Oklahoma Police Pension and Retirement System (OPPRS)—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension Plan established by Oklahoma Statutes for police officers of an Oklahoma municipality or state agency. OPPRS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. OPPRS issues a publicly available financial report that includes financial statements and required supplementary information. The report is located at <http://www.ok.gov/opprs/Financials/index.html>.

2. Benefits - In general OPPRS provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. Benefits are established and amended by State statute. The normal retirement date is the date upon which the participant completes 20 years of credited service, regardless of age.

3. Contributions - The Oklahoma Legislature sets the required contribution rate based on payroll and is not determined by actuary calculations. The City's contractually required contribution rate for the year ended June 30, 2017, was 13% of annual payroll, employee participants were required to contribute 8%. The State of Oklahoma, a non-employer contributing agency, contributes 14% of taxes received from the tax on premiums collected by insurance companies operating in Oklahoma. Contributions to the pension plan from the City were \$7,061 for the year ended June 30, 2017. The State of Oklahoma contributed \$6,586 to the Police System on behalf of the City for the year ended June 30, 2017.

6. Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from cities will be made at contractually required rates, determined by Oklahoma Statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by Oklahoma statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

| | 1% Decrease (6.5%) | Current Discount Rate (7.5%) | 1% Increase (8.5%) |
|---|--------------------|------------------------------|--------------------|
| City's proportionate share of the net pension liability | \$ 257,362 | \$ 203,300 | \$ 157,976 |

Note 9. Pension and Deferred Compensation Plans, continued

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

- At June 30, 2017, the City reported a liability of \$28,084 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating governments. At June 30, 2016, the City's proportion was 18.3388%.

For the year ended June 30, 2017, the City recognized pension expense of \$9,868. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|-------------------------------------|
| Differences between expected and actual Plan experience | \$ 90 | \$ 3,155 |
| Net difference between projected and actual earnings on pension plan investments | 26,985 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 162 | 848 |
| City contributions subsequent to the measurement date | 7,061 | - |
| | <u>\$ 34,298</u> | <u>\$ 4,003</u> |

\$7,061 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

The deferred outflows related to the difference between projected and actual investment earnings are being amortized over a closed 5-year period beginning in the current year. The remaining amount of deferred outflows and inflows of resources are being amortized over a closed period equal to the average of the expected service lives of all participants as of the beginning of the associated measurement period, which was 5.68 to 5.83 years. Amounts reported as deferred outflows of resources (other than contributions) and deferred inflows of resources related to pensions will be recognized in pension expense (gain) as follows:

| Year | |
|------|------------------|
| 2018 | \$ 3,720 |
| 2019 | 3,720 |
| 2020 | 9,243 |
| 2021 | 6,515 |
| 2022 | 36 |
| | <u>\$ 23,234</u> |

5. Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions:

| | |
|-----------------------------|--|
| Investment rate of return* | 7.5% compounded annually, net of investment expense |
| Projected salary increases* | 4.5% - 17.0% |
| * Includes inflation at | 3.00% |

Mortality rates were based on the RP-2000 Blue Collar Healthy Combined Table with age set back 4 years with fully generational improvements based on Scale AA for active employees (pre-retirement). Active employees (post-retirement and nondisabled pensioners) use the same table with no age set backs. Disability pensioners use the same table with age set forward 4 years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2012.

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

| Asset Class | Target Allocation |
|-----------------------------------|----------------------|
| Equities | 60% |
| Fixed Income | 25% |
| Real Estate and other investments | 15% |
| | <u>100%</u> |

Note 9. Pension and Deferred Compensation Plans, continued

| Asset Class | Long-Term Expected Real Rate of Return |
|----------------------|---|
| Domestic Equity | 5.16% |
| International equity | 8.61% |
| Private equity/debt | 8.32% |
| Fixed Income | 3.27% |
| Real Estate | 4.97% |
| Commodities | 2.42% |

Pension plan fiduciary net position. - Detailed information about the pension plan's fiduciary net position is available in the separately issued OPPRS financial report; which can be located at <http://www.ok.gov/opprs/Financials/index.html>.

D. DEFERRED COMPENSATION PLAN

The City offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457 ("the Plan").

The Plan, available to all City employees, permits them to defer a portion of their current salary to future years. Each participant may direct the Plan to invest his or her account balance in one or more of several investment funds. The Plan offers a variety of investment options that will provide participants with a reasonable opportunity to build diversified portfolios.

The compensation deferred is available to the employees upon termination, retirement, death, or unforeseeable emergency.

The Plan is administered by the Deferred Compensation Board of Trustees ("Board"), created by Executive Order of the Mayor. The Board has full power and authority to adopt investment policies and to select and monitor the funds made available to participants. The Board also has the authority to establish rules and regulations for the administration of the plan and advises the Mayor on employment of investment providers.

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

6. Discount rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from cities will be made at contractually required rates, determined by the Oklahoma Statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, established by Oklahoma statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate - The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

| | 1% Decrease (6.5%) | Current Discount Rate (7.5%) | 1% Increase (8.5%) |
|---|--------------------------|---------------------------------------|--------------------------|
| City's proportionate share of the net pension liability (asset) | \$ 73,685 | \$ 28,084 | \$ (10,418) |

Note 10. Other Post-Employment Benefits

A. OPEB PLAN DESCRIPTION

The City provides post-employment healthcare benefits (OPEB) for retired employees and their dependents through the City of Tulsa Postretirement Medical Plan (the Plan), a multi-employer defined benefit healthcare plan. The governmental activities, business type activities and component units account for 96% of the OPEB liability. Other organizations, not in the reporting entity account for the remaining 4%. The benefits, coverage levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The Plan does not issue a stand-alone financial report.

B. BENEFITS PROVIDED

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

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

C. MEMBERSHIP

As of the most recent actuarial valuation date, membership consisted of the following:

| | |
|----------------------|--------------|
| Retired participants | 123 |
| Active employees | 2,188 |
| | <u>2,311</u> |

D. FUNDING POLICY

The City offers retiree medical coverage at the same rate as that provided to current employees. The retirees are responsible for the full cost of the group contract rate.

E. ANNUAL OPEB COSTS

| Year | Annual OPEB Cost | Employer Contributions | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|------|------------------|------------------------|--|---------------------|
| 2017 | \$ 285 | \$ 1,234 | 433% | \$ 15,858 |
| 2016 | 675 | 797 | 118% | 16,807 |
| 2015 | 910 | 618 | 68% | 16,929 |

F. The net OPEB obligation was calculated as follows:

| | |
|--|------------------|
| Annual Required Contribution | \$ 585 |
| Interest on Net OPEB Obligation | 672 |
| Adjustment to Annual Required Contribution | (972) |
| Annual OPEB Cost | 285 |
| Contributions | (1,234) |
| Decrease in Net OPEB Obligation | (949) |
| Net OPEB Obligation, beginning of year | 16,807 |
| Net OPEB Obligation, end of year | <u>\$ 15,858</u> |

G. Net OPEB Obligation reported in:

| | |
|---------------------------------------|------------------|
| Governmental activities | \$ 7,825 |
| Business type activities | 1,177 |
| Component units | 6,223 |
| Organizations not in reporting entity | 633 |
| | <u>\$ 15,858</u> |

H. The funded status of the plan as of July 1, 2016

| | |
|---|-------------------|
| Actuarial Accrued Liability | \$ 6,063 |
| Actuarial value of plan assets | - |
| Unfunded Actuarial Accrued Liability (UAAL) | <u>\$ 6,063</u> |
| Funded ratio | 0% |
| Covered payroll (active plan members) | <u>\$ 104,090</u> |
| UAAL as a percentage of covered payroll | <u>5.8%</u> |

Note 10. Other Post-Employment Benefits, continued

I. ACTUARIAL METHODS AND ASSUMPTIONS

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and

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

Actuarial Methods and Assumptions

| | |
|--|------------------|
| Valuation date | July 1, 2016 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level dollar |
| Remaining amortization periods | 30 years open |
| Discount rate | 4.0% |
| Inflation rate | 3.0% |
| Initial annual healthcare cost trend rate | 8.5% |
| Annual reduction of healthcare cost trend rate | 0.5% |
| Ultimate annual healthcare cost trend rate | 5% |

Note 11. Long-Term Liabilities

A. LONG-TERM LIABILITIES

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|------------------------------|------------------|-------------------|-----------------------|--------------------------------|
| PRIMARY GOVERNMENT | | | | | |
| Governmental activities: | | | | | |
| General obligation bonds | \$ 465,376 | \$ 109,200 | \$ (82,500) | \$ 492,076 | \$ 51,847 |
| Revenue bonds | 5,640 | 115,300 | (1,365) | 119,575 | 1,395 |
| Other long-term liabilities | 328,477 | 161,720 | (106,103) | 384,094 | 27,233 |
| Premium on debt issuance - GO bonds | 15,327 | 5,500 | (4,580) | 16,247 | - |
| Premium on debt issuance - Revenue bonds | 268 | 3,682 | (145) | 3,805 | - |
| Total governmental activities | 815,088 | 395,402 | (194,693) | 1,015,797 | 80,475 |
| Business-type activities: | | | | | |
| Revenue bonds | 95,840 | - | (3,260) | 92,580 | 3,080 |
| Unamortized discount--revenue bonds | (113) | - | 7 | (106) | - |
| Unamortized premium--revenue bonds | 20 | - | (1) | 19 | - |
| Compensated absences | 703 | 974 | (760) | 917 | 547 |
| Other post-employment benefits | 1,226 | - | (49) | 1,177 | - |
| Pension liability | 12,677 | 3,760 | (4,710) | 11,727 | - |
| Total business-type activities | 110,353 | 4,734 | (8,773) | 106,314 | 3,627 |
| Total primary government | \$ 925,441 | \$ 400,136 | \$ (203,466) | \$ 1,122,111 | \$ 84,102 |
| COMPONENT UNITS | | | | | |
| Revenue bonds: | | | | | |
| TAIT | \$ 166,945 | \$ 1,048 | \$ (7,866) | \$ 160,127 | \$ 7,661 |
| TMUA | 158,750 | 62,575 | (37,705) | 183,620 | 14,250 |
| TPA | 12,720 | - | (1,790) | 10,930 | 1,855 |
| Premium on debt issuance - TMUA | 3,328 | 6,030 | (153) | 9,205 | - |
| Premium on debt issuance - TAIT | 7,018 | - | (439) | 6,579 | - |
| Unamortized bond discount - TAIT | (566) | - | 39 | (527) | - |
| Premium on debt issuance - TPA | 466 | - | (81) | 385 | - |
| | 348,661 | 69,653 | (47,995) | 370,319 | 23,766 |
| General obligation bonds - TMUA | 24,564 | 2,155 | (8,730) | 17,989 | 4,373 |
| Premium on debt issuance - TMUA | 939 | 270 | (427) | 782 | - |
| | 25,503 | 2,425 | (9,157) | 18,771 | 4,373 |
| Promissory notes - TMUA | 242,667 | 2,392 | (51,464) | 193,595 | 12,813 |
| Unamortized bond discount - TMUA | (76) | - | 76 | - | - |
| Premium on debt issuance - TMUA | 7,983 | - | (531) | 7,452 | - |
| | 250,574 | 2,392 | (51,919) | 201,047 | 12,813 |
| Capital lease | 3,788 | - | (200) | 3,588 | 207 |
| Watermain extension contracts | 3,364 | - | (422) | 2,942 | 387 |
| Claims and judgments - Airport | 717 | - | (172) | 545 | 158 |
| Compensated absences | 5,724 | 3,784 | (3,286) | 6,222 | 2,899 |
| Other post-employment benefits | 6,712 | - | (489) | 6,223 | - |
| Pension liability | 90,042 | 24,205 | (32,025) | 82,222 | - |
| Total component units | \$ 735,085 | \$ 102,459 | \$ (145,665) | \$ 691,879 | \$ 44,603 |

Note 11. Long-Term Liabilities, continued

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and for improvements to the waste water utility system, an operation of TMUA, a component unit. The bonds are direct obligations and pledge the full faith and credit of the City.

General obligation bonds issued for governmental activity purposes are liquidated by the Debt Service Fund. General obligation bonds issued for a component unit's activity is liquidated by the component unit.

The General Fund is typically used to liquidate other governmental long-term liabilities for pension, compensated absences, and other post-employment benefits. The Debt Service Fund is used to liquidate general obligation bonds and judgments.

Revenue bonds issued for governmental activities are liquidated by the TPFA internal service fund from lease and loan repayments.

Revenue bonds, promissory notes and other long term liabilities of business-type activities or by component units are repaid from those activities or component units.

B. PRIMARY GOVERNMENT

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

General Obligation Bond Refunding - On March 17, 2017, the City issued \$33,355 in Series 2017A General Obligation Refunding Bonds. The proceeds of the issue along with \$3,445 of other City resources were used to currently refund the City's Series 2009 General Obligation Bonds.

The transaction will reduce debt service payments by approximately \$5,004 over the next 5 years and result in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$2,910. The refunding resulted in a deferred loss of \$645 which will be amortized over the life of the new bonds.

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017
(dollar amounts expressed in thousands)

Note 11. Long-Term Liabilities, continued

Primary government long-term liability activity is as follows:

| | Issue Amount | Maturity Date | Interest Rate | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|-----------------|------------------|------------------|----------------------|------------|--------------|-------------------|------------------------|
| Governmental activities | | | | | | | | |
| General obligation bonds: | | | | | | | | |
| Series 2009 | \$ 48,454 | 2029 | 3.0-4.25% | \$ 33,021 | \$ - | \$ (33,021) | \$ - | \$ - |
| Series 2009B | 70,000 | 2019 | 0.05 | 31,000 | - | (7,800) | 23,200 | 7,800 |
| Series 2009A, Refunding | 9,153 | 2019 | 3.5-4.0% | 2,889 | - | (969) | 1,920 | 947 |
| Series 2009B, Refunding | 14,405 | 2021 | 3.5-5.0% | 6,211 | - | (1,271) | 4,940 | 1,250 |
| Series 2010 | 70,000 | 2020 | 0.05 | 38,800 | - | (7,800) | 31,000 | 7,800 |
| Series 2011 | 50,000 | 2031 | 3.0-3.50% | 42,050 | - | (2,650) | 39,400 | 2,650 |
| Series 2011A, Refunding | 21,105 | 2022 | 2.50-4.25% | 10,660 | - | (1,910) | 8,750 | 1,850 |
| Series 2013A, Refunding | 23,746 | 2025 | 2.50% | 16,879 | - | (2,141) | 14,738 | 2,071 |
| Series 2013 | 45,000 | 2023 | 4.0% | 35,000 | - | (5,000) | 30,000 | 5,000 |
| Series 2014 | 50,000 | 2034 | 3.0-4.0% | 47,340 | - | (2,630) | 44,710 | 2,630 |
| Series 2014A, Refunding | 15,875 | 2026 | 2.0-3.0% | 14,195 | - | (1,625) | 12,570 | 1,577 |
| Series 2015 | 70,000 | 2040 | 2.0-3.25% | 70,000 | - | (2,955) | 67,045 | 2,915 |
| Series 2015A, Refunding | 41,198 | 2027 | 2.0-2.5% | 37,198 | - | (3,868) | 33,330 | 3,751 |
| Series 2016 | 57,000 | 2036 | 3.0% | 57,000 | - | - | 57,000 | 3,000 |
| Series 2016A, Refunding | 23,133 | 2019 | 5.0% | 23,133 | - | (8,860) | 14,273 | 8,606 |
| Series 2017 | 78,000 | 2037 | 3.0-4.0% | - | 78,000 | - | 78,000 | - |
| Series 2017A, Refunding | 33,355 | 2021 | 5.0% | - | 31,200 | - | 31,200 | - |
| | | | | 465,376 | 109,200 | (82,500) | 492,076 | 51,847 |
| Premium on debt issuance | | | | 15,327 | 5,500 | (4,580) | 16,247 | - |
| | | | | 480,703 | 114,700 | (87,080) | 508,323 | 51,847 |
| Revenue bonds: | | | | | | | | |
| Capital Improvements - 2012 | \$ 10,900 | 2020 | 3.0-4.0% | 5,640 | - | (1,365) | 4,275 | 1,395 |
| Capital Improvements - 2017 | 115,300 | 2032 | 3.00% | - | 115,300 | - | 115,300 | - |
| | | | | 5,640 | 115,300 | (1,365) | 119,575 | 1,395 |
| Premium on debt issuance | | | | 268 | 3,682 | (145) | 3,805 | - |
| | | | | 5,908 | 118,982 | (1,510) | 123,380 | 1,395 |
| Other long-term liabilities: | | | | | | | | |
| Compensated absences | | | | 29,578 | 20,994 | (17,400) | 33,172 | 19,762 |
| Other post-employment benefits | | | | 8,179 | 7 | (361) | 7,825 | - |
| Pension liability | | | | 260,246 | 136,270 | (81,021) | 315,495 | - |
| Arbitrage rebate liability | | | | - | 13 | - | 13 | - |
| Claims and judgments | | | | 29,105 | 4,436 | (6,978) | 26,563 | 7,128 |
| Due to other governments | | | | 1,369 | - | (343) | 1,026 | 343 |
| | | | | 328,477 | 161,720 | (106,103) | 384,094 | 27,233 |
| Total governmental activities | | | | \$ 815,088 | \$ 395,402 | \$ (194,693) | \$ 1,015,797 | \$ 80,475 |
| Business-type activities | | | | | | | | |
| Revenue bonds: | | | | | | | | |
| Lease Rev Bonds 2007A | \$ 34,620 | 2037 | 4.625-5.25% | \$ 34,620 | \$ - | \$ - | \$ 34,620 | \$ - |
| Lease Rev Bonds 2007B | 33,130 | 2029 | 5.58 - 6.60% | 23,925 | - | - | 23,925 | - |
| Capital Improvements - 2008 | 16,000 | 2027 | 6.069% | 9,660 | - | (1,190) | 8,470 | 895 |
| Capital Improvements - 2012, Refunding | 9,480 | 2018 | 1.25% | 5,460 | - | (1,485) | 3,975 | 1,575 |
| Improvement District - 2013, Tax-exempt | 19,355 | 2038 | 4.26% | 18,415 | - | (490) | 17,925 | 515 |
| Improvement District - 2013, Taxable | 3,950 | 2038 | 5.24% | 3,760 | - | (95) | 3,665 | 95 |
| | | | | 95,840 | - | (3,260) | 92,580 | 3,080 |
| Unamortized discount | | | | (113) | - | 7 | (106) | - |
| Unamortized premium | | | | 20 | - | (1) | 19 | - |
| | | | | 95,747 | - | (3,254) | 92,493 | 3,080 |
| Other long-term liabilities: | | | | | | | | |
| Compensated absences | | | | 703 | 974 | (760) | 917 | 547 |
| Other post-employment benefits | | | | 1,226 | - | (49) | 1,177 | - |
| Pension liability | | | | 12,677 | 3,760 | (4,710) | 11,727 | - |
| Total business-type activities | | | | \$ 110,353 | \$ 4,734 | \$ (8,773) | \$ 106,314 | \$ 3,627 |

Note 11. Long-Term Liabilities, continued

Summary of general obligation bonds outstanding and allocation between primary government and component units, at year end:

| General Obligation Series | Ending Balance | Primary Government | Component Units |
|---|-------------------|-----------------------|--------------------|
| Series 2009B | \$ 23,200 | \$ 23,200 | \$ - |
| Series 2009A, Refunding (37.668% Sewer) | 3,080 | 1,920 | 1,160 |
| Series 2009B, Refunding (30.5625% Sewer) | 7,115 | 4,940 | 2,175 |
| Series 2010 | 31,000 | 31,000 | - |
| Series 2011 | 39,400 | 39,400 | - |
| Series 2011A, Refunding | 8,750 | 8,750 | - |
| Series 2013A Refunding (26.438% Sewer) | 20,035 | 14,738 | 5,297 |
| Series 2013 | 30,000 | 30,000 | - |
| Series 2014 | 44,710 | 44,710 | - |
| Series 2014A, Refunding (2.6354839% Sewer) | 12,910 | 12,570 | 340 |
| Series 2015 | 67,045 | 67,045 | - |
| Series 2015A, Refunding (9.2949512% Sewer) | 36,745 | 33,330 | 3,415 |
| Series 2016 | 57,000 | 57,000 | - |
| Series 2016A Refunding (19.45405530% Sewer) | 17,720 | 14,273 | 3,447 |
| Series 2017 | 78,000 | 78,000 | - |
| Series 2017A Refunding (6.4604247% Sewer) | 33,355 | 31,200 | 2,155 |
| | \$ 510,065 | \$ 492,076 | \$ 17,989 |

C. COMPONENT UNITS

1. Revenue Bonds

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

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

Revenue Bond Refunding - On July 7, 2016, TMUA issued \$34,810, in Series 2016C Utility Revenue Refunding Bonds. The proceeds of the issue were used to currently refund the Series 2006, Sanitary Sewer and the Series 2007-B, Sanitary Sewer Promissory Notes. This transaction will reduce debt service payments by \$2,915 over the next 9 years and result in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,940. The refunding resulted in a deferred charge of \$398 which will be amortized over the life of the new bonds.

The amortization and related deferred loss are reported in the financial statements.

On February 3, 2017, TMUA issued \$27,765 in Series 2017A Refunding Revenue Bonds. The proceeds of these issue were used to currently refund TMUA Series 2009 Revenue Bonds and to advance refund the Series 2010 Revenue Bonds. This transaction will reduce debt service payments by \$5,426 over the next 12 years and result in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$4,681. The refunding resulted in a deferred loss for Series 2009 and 2010 of \$364 and \$532, respectively, which will be amortized over the life of the new bonds. The amortization and related deferred loss are reported in the financial statements.

2. Promissory Notes

TMUA's outstanding loans with the Oklahoma Water Resources Board are collateralized by a first lien and security interest in the TMUA's wastewater treatment system and the revenues derived there from and generally requires semi-annual principal and interest payments.

Note 11. Long-Term Liabilities, continued

3. TMUA Line of Credit

On July 10, 2013 TMUA approved a \$10,000 line of credit agreement with a banking institution. The agreement is for an initial two year term and renewable in two year increments thereafter. In October 2015, TMUA approved the first amendment to the agreement, extending the maturity date to October 22, 2017. The applicable interest rate is the 30 day LIBOR plus 1.75%. There have been no draws under the agreement.

4. Conduit Debt – Tulsa International Airport

To pay the costs of certain modifications, rehabilitation, and reconstruction to special facilities located at the Tulsa International Airport, the Airport issued a series of Special Facility Revenue Bonds. At June 30, 2017, Special Facility Revenue Bonds outstanding aggregated \$10,120.

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

faith and credit of the Airport or the City, and accordingly, neither the assets nor the debt are reported in the accompanying financial statements.

5. Conduit Debt – Tulsa Industrial Authority

Notes and bonds issued by the Tulsa Industrial Authority are utilized by industrial, commercial and other organizations to promote economic development within and near the territorial limits of the City of Tulsa.

TIA loans the proceeds from the notes and bonds to organizations or enters into lease-purchase agreements for the facilities. The notes and bonds issued by TIA are special and limited obligations payable solely from and collateralized by a pledge of revenues from the loan agreements. The bonds do not constitute a debt or pledge of faith and credit of TIA or the City, and accordingly, they have not been reported in the accompanying financial statements. At June 30, 2017, the aggregate outstanding principal balances due on these notes and bonds are approximately \$122,000.

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017
(dollar amounts expressed in thousands)

Note 11. Long-Term Liabilities, continued

Component Units long-term liability activity is as follows:

| | <u>Authorized Amount</u> | <u>Maturity Date</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> |
|--|------------------------------|--------------------------|--------------------------|------------------------------|------------------|--------------------|---------------------------|--------------------------------|
| REVENUE BONDS: | | | | | | | | |
| <u>Tulsa Airports Improvement Trust</u> | | | | | | | | |
| Series 2004-B | \$ 2,200 | 2017 | 4.95% | \$ 200 | \$ - | \$ (200) | \$ - | \$ - |
| Series 2009-D | 56,615 | 2031 | 2.726-7.759% | 48,180 | - | (650) | 47,530 | 470 |
| Series 2010-A | 5,770 | 2021 | 4.57-5.0% | 3,280 | - | (605) | 2,675 | 625 |
| Series 2010-B | 8,215 | 2021 | 6.0-6.50% | 4,315 | - | (765) | 3,550 | 810 |
| Series 2010-C | 13,520 | 2025 | 4.0-5.25% | 6,190 | - | (1,520) | 4,670 | 560 |
| Series 2013-A | 33,665 | 2043 | 5.0-5.25% | 33,665 | - | (600) | 33,065 | 630 |
| Series 2013-B | 3,275 | 2024 | 1.389-5.087% | 2,810 | - | (240) | 2,570 | 245 |
| Series 2015-A | 44,045 | 2045 | 2.0-5.0% | 42,105 | - | (1,510) | 40,595 | 2,440 |
| Series 2015-B | 6,670 | 2018 | 2.0-4.0% | 3,360 | - | (1,640) | 1,720 | 1,720 |
| Series 2015-C | 895 | 2045 | 2.0-4.25% | 875 | - | (20) | 855 | 20 |
| Series 2015-D | 24,395 | 2028 | 2.0-5.0% | 21,965 | - | (70) | 21,895 | 60 |
| Series 2016-A | 1,500 | 2027 | 3.82% | - | 1,048 | (46) | 1,002 | 81 |
| | | | | <u>166,945</u> | <u>1,048</u> | <u>(7,866)</u> | <u>160,127</u> | <u>7,661</u> |
| Premium on debt issuance | | | | 7,018 | - | (439) | 6,579 | - |
| Unamortized discount | | | | (566) | - | 39 | (527) | - |
| | | | | <u>173,397</u> | <u>1,048</u> | <u>(8,266)</u> | <u>166,179</u> | <u>7,661</u> |
| <u>Tulsa Metropolitan Utility Authority</u> | | | | | | | | |
| Series 2009 | \$ 21,500 | 2029 | 3.25-4.75% | \$ 16,460 | \$ - | \$ (16,460) | \$ - | \$ - |
| Series 2010 | 14,510 | 2030 | 3.0-4.0% | 12,235 | - | (12,235) | - | - |
| Series 2011 | 24,100 | 2031 | 3.0-4.375% | 19,800 | - | (900) | 18,900 | 925 |
| Series 2012 Refunding | 12,685 | 2025 | 2.0-2.65% | 8,825 | - | (975) | 7,850 | 985 |
| Series 2013 Refunding | 61,280 | 2025 | 2.5-3.0% | 48,380 | - | (4,480) | 43,900 | 4,560 |
| Series 2014 | 17,825 | 2034 | 2.0-3.50% | 17,165 | - | (665) | 16,500 | 670 |
| Series 2015 | 9,940 | 2027 | 2.0-3.0% | 8,435 | - | (670) | 7,765 | 665 |
| Series 2016A | 16,565 | 2031 | 3.0-3.25% | 16,565 | - | (900) | 15,665 | 910 |
| Series 2016B | 10,885 | 2036 | 2.0-3.50% | 10,885 | - | (420) | 10,465 | 425 |
| Series 2016C Refunding | 34,810 | 2025 | 5% | - | 34,810 | - | 34,810 | 3,270 |
| Series 2017A Refunding | 27,765 | 2030 | 3.00 - 3.125% | - | 27,765 | - | 27,765 | 1,840 |
| | | | | <u>158,750</u> | <u>62,575</u> | <u>(37,705)</u> | <u>183,620</u> | <u>14,250</u> |
| Premium on debt issuance | | | | 3,328 | 6,030 | (153) | 9,205 | - |
| | | | | <u>162,078</u> | <u>68,605</u> | <u>(37,858)</u> | <u>192,825</u> | <u>14,250</u> |
| <u>Tulsa Parking Authority</u> | | | | | | | | |
| Series 2012 - Refunding | \$ 17,860 | 2028 | 2.0-4.0% | 12,720 | - | (1,790) | 10,930 | 1,855 |
| Premium on debt issuance | | | | 466 | - | (81) | 385 | - |
| | | | | <u>13,186</u> | <u>-</u> | <u>(1,871)</u> | <u>11,315</u> | <u>1,855</u> |
| | | | | <u>\$ 348,661</u> | <u>\$ 69,653</u> | <u>\$ (47,995)</u> | <u>\$ 370,319</u> | <u>\$ 23,766</u> |

Continued

CITY OF TULSA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017
(dollar amounts expressed in thousands)

Note 11. Long-Term Liabilities, continued

Component Units long-term liability activity, continued

| Description | Issue Amount | Maturity Date | Interest Rate | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|--------------|---------------|---------------|-------------------|-----------|-------------|----------------|---------------------|
| PROMISSORY NOTES: | | | | | | | | |
| <u>Tulsa Metropolitan Utility Authority</u> | | | | | | | | |
| Series 1997-A, Sanitary Sewer | \$ 4,035 | 2016 | 0.50% | \$ 103 | \$ - | \$ (103) | \$ - | \$ - |
| Series 1998-B, Sanitary Sewer | 4,392 | 2017 | 0.50% | 344 | - | (229) | 115 | 115 |
| Series 2001-B, Sanitary Sewer | 4,996 | 2020 | 0.50% | 1,052 | - | (263) | 789 | 263 |
| Series 2002-D, Sanitary Sewer | 6,813 | 2021 | 0.50% | 1,922 | - | (350) | 1,572 | 349 |
| Series 2004-B, Sanitary Sewer | 1,560 | 2023 | 0.50% | 600 | - | (80) | 520 | 80 |
| Series 2005-B, Sanitary Sewer | 7,900 | 2027 | 0.50-2.74% | 4,903 | - | (360) | 4,543 | 372 |
| Series 2005-C, Sanitary Sewer | 1,203 | 2025 | 0.50% | 571 | - | (60) | 511 | 60 |
| Series 2006-A, Sanitary Sewer | 3,130 | 2027 | 0.50-2.74% | 1,893 | - | (139) | 1,754 | 143 |
| Series 2006-C, Sanitary Sewer | 17,825 | 2029 | 0.50-2.77% | 12,441 | - | (753) | 11,688 | 777 |
| Series 2006, Sanitary Sewer | 52,585 | 2025 | 4.145-5.145% | 32,885 | - | (32,885) | - | - |
| Series 2007-A, Sanitary Sewer | 5,131 | 2026 | 0.50% | 2,763 | - | (263) | 2,500 | 263 |
| Series 2007-B, Sanitary Sewer | 8,365 | 2026 | 4.020-4.645% | 5,496 | - | (5,496) | - | - |
| Series 2009-A, Sanitary Sewer | 11,320 | 2032 | 3.22% | 7,743 | 195 | (566) | 7,372 | 566 |
| Series 2009-B, Sanitary Sewer | 7,350 | 2032 | 2.91% | 4,431 | - | (221) | 4,210 | 227 |
| Series 2010-A, Sanitary Sewer | 27,757 | 2032 | 2.89% | 22,214 | 32 | (1,388) | 20,858 | 1,387 |
| Series 2010-B, Sanitary Sewer | 29,380 | 2030 | 3.145-5.145% | 23,885 | - | (1,195) | 22,690 | 1,230 |
| Series 2011 A, Sanitary Sewer | 23,480 | 2033 | 3.11% | 20,141 | 157 | (1,846) | 18,452 | 1,174 |
| Series 2011-B, Sanitary Sewer | 14,275 | 2031 | 2.145-5.145% | 12,215 | - | (555) | 11,660 | 580 |
| Series 2011 C, Sanitary Sewer | 16,700 | 2034 | 2.55% | 14,197 | 672 | (835) | 14,034 | 835 |
| Series 2012A, Sanitary Sewer | 4,347 | 2034 | 2.43% | 3,213 | 397 | (217) | 3,393 | 217 |
| Series 2012-B, Sanitary Sewer | 11,355 | 2032 | 2.145-3.395% | 9,815 | - | (455) | 9,360 | 465 |
| Series 2012C, Sanitary Sewer | 2,450 | 2017 | 2.145-4.145% | 1,000 | - | (495) | 505 | 505 |
| Series 2013A, Sanitary Sewer | 9,850 | 2035 | 2.24% | 4,258 | 706 | (519) | 4,445 | 518 |
| Series 2013B, Sanitary Sewer | 27,605 | 2033 | 2.645-5.145% | 25,290 | - | (985) | 24,305 | 1,010 |
| Series 2014A (ORF-14-0002-CW) | 2,910 | 2035 | 2.58% | 2,324 | - | (146) | 2,178 | 146 |
| Series 2014B (FAP-14-0001-L) | 10,180 | 2033 | 2.145-4.06% | 9,540 | - | (420) | 9,120 | 430 |
| Series 2014C (FAP-14-0004-L) | 17,735 | 2034 | 2.145-5.145% | 17,215 | - | (640) | 16,575 | 655 |
| Series 2015A (ORF-16-0001-CW) | 28,330 | 2038 | 2.46% | 213 | 233 | - | 446 | 446 |
| | | | | 242,667 | 2,392 | (51,464) | 193,595 | 12,813 |
| Premium on debt issuance-TMUA | | | | 7,983 | - | (531) | 7,452 | - |
| Unamortized discount-TMUA | | | | (76) | - | 76 | - | - |
| | | | | \$ 250,574 | \$ 2,392 | \$ (51,919) | \$ 201,047 | \$ 12,813 |

GENERAL OBLIGATION BONDS:

Tulsa Metropolitan Utility Authority

| | | | | | | | | |
|--|--------|------|-----------|-----------|----------|------------|-----------|----------|
| Series 2009, Sanitary Sewer | 3,346 | 2029 | 3.0-4.25% | \$ 2,279 | \$ - | \$ (2,279) | \$ - | \$ - |
| Series 2009A Refunding, Sanitary Sewer | 5,532 | 2019 | 3.5-4.0% | 1,746 | - | (586) | 1,160 | 573 |
| Series 2009B Refunding, Sanitary Sewer | 6,340 | 2021 | 4.0-5.0% | 2,734 | - | (559) | 2,175 | 550 |
| Series 2012A Refunding, Sanitary Sewer | 10,575 | 2017 | 4.0% | 1,955 | - | (1,955) | - | - |
| Series 2013A Refunding, Sanitary Sewer | 8,534 | 2025 | 2.50% | 6,066 | - | (769) | 5,297 | 744 |
| Series 2014A Refunding, Sanitary Sewer | 430 | 2026 | 2.0-3.0% | 385 | - | (45) | 340 | 43 |
| Series 2015A Refunding, Sanitary Sewer | 4,222 | 2027 | 2.0-2.5% | 3,812 | - | (397) | 3,415 | 384 |
| Series 2016A Refunding, Sanitary Sewer | 5,587 | 2019 | 5.00% | 5,587 | - | (2,140) | 3,447 | 2,079 |
| Series 2017A Refunding, Sanitary Sewer | 2,155 | 2021 | 5.00% | - | 2,155 | - | 2,155 | - |
| | | | | 24,564 | 2,155 | (8,730) | 17,989 | 4,373 |
| Premium on debt issuance-TMUA | | | | 939 | 270 | (427) | 782 | - |
| | | | | \$ 25,503 | \$ 2,425 | \$ (9,157) | \$ 18,771 | \$ 4,373 |

Note 11. Long-Term Liabilities, continued

Principal and Interest Payments in Subsequent Years:

| Year | Primary Government | | | | | |
|-----------|--------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| | General Obligation | | Revenue Bonds | | Total | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2018 | \$ 51,847 | \$ 16,607 | \$ 4,475 | \$ 8,436 | \$ 56,322 | \$ 25,043 |
| 2019 | 52,743 | 14,571 | 12,260 | 8,277 | 65,003 | 22,848 |
| 2020 | 55,891 | 12,296 | 11,840 | 7,865 | 67,731 | 20,161 |
| 2021 | 48,007 | 10,286 | 10,710 | 7,403 | 58,717 | 17,689 |
| 2022 | 39,068 | 8,654 | 11,080 | 6,988 | 50,148 | 15,642 |
| 2023-2027 | 107,259 | 31,137 | 59,825 | 28,261 | 167,084 | 59,398 |
| 2028-2032 | 76,150 | 17,692 | 67,250 | 15,793 | 143,400 | 33,485 |
| 2033-2037 | 52,365 | 6,418 | 26,895 | 5,595 | 79,260 | 12,013 |
| 2038-2042 | 8,746 | 567 | 7,820 | 276 | 16,566 | 843 |
| | <u>\$ 492,076</u> | <u>\$ 118,228</u> | <u>\$ 212,155</u> | <u>\$ 88,894</u> | <u>\$ 704,231</u> | <u>\$ 207,122</u> |

| Year | Component Units | | | | | | | |
|-----------|--------------------|-----------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| | General Obligation | | Revenue Bonds | | Promissory Notes | | Total | |
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2018 | \$ 4,373 | \$ 643 | \$ 23,766 | \$ 15,627 | \$ 12,813 | \$ 6,687 | \$ 40,952 | \$ 22,957 |
| 2019 | 3,632 | 467 | 24,346 | 14,790 | 11,911 | 6,330 | 39,889 | 21,587 |
| 2020 | 2,339 | 303 | 23,971 | 13,896 | 12,114 | 5,985 | 38,424 | 20,184 |
| 2021 | 2,338 | 215 | 24,030 | 12,647 | 12,048 | 5,639 | 38,416 | 18,501 |
| 2022 | 1,762 | 126 | 23,709 | 11,758 | 12,070 | 5,261 | 37,541 | 17,145 |
| 2023-2027 | 3,545 | 205 | 123,505 | 45,118 | 62,434 | 19,834 | 189,484 | 65,157 |
| 2028-2032 | - | - | 68,575 | 20,289 | 57,845 | 8,338 | 126,420 | 28,627 |
| 2033-2037 | - | - | 20,035 | 8,699 | 12,360 | 626 | 32,395 | 9,325 |
| 2038-2042 | - | - | 15,940 | 4,426 | - | - | 15,940 | 4,426 |
| 2043-2047 | - | - | 6,800 | 585 | - | - | 6,800 | 585 |
| | <u>\$ 17,989</u> | <u>\$ 1,959</u> | <u>\$ 354,677</u> | <u>\$ 147,835</u> | <u>\$ 193,595</u> | <u>\$ 58,700</u> | <u>\$ 566,261</u> | <u>\$ 208,494</u> |

D. APPLICABILITY OF FEDERAL ARBITRAGE REGULATIONS

Debt issuances of the City and various Authorities issued after the Tax Reform Act of 1986 are subject to the federal arbitrage regulations. The arbitrage rebate regulations require that all earnings from the investment of gross proceeds of a bond issue in excess of the amount that could have been earned, had the yield on

the investment been equal to the yield on the bonds, be remitted to the federal government. These rules carry strict penalties for noncompliance, including taxability of interest retroactive to the date of the issue. City management believes the City is in compliance with these rules and regulations.

Note 11. Long-Term Liabilities, continued

E. DEFEASED DEBT

Certain outstanding general obligation and revenue bonds of the City and its component units have been defeased by placing the proceeds of refunding bonds and cash received from a tenant in irrevocable escrow accounts held and managed by bank trustees, and invested in U. S. Treasury obligations, the principal and interest on which would provide amounts sufficient to

pay the principal and interest on the defeased bonds in accordance with the schedule of remaining payments due or until the date callable. Accordingly, the escrow accounts and the defeased bonds are not included in the financial statements of the City or its component units. The defeased bonds outstanding and considered extinguished are as follows:

| | |
|---|----------|
| <u>Tulsa Airports Improvement Trust</u> | |
| 2000A Revenue Bonds | \$ 2,720 |
| <u>Tulsa Metropolitan Utility Authority</u> | |
| 2010 Revenue Bonds | \$11,935 |

Note 12. Fund Balances of Governmental Funds

The details for the City's Governmental Funds fund balances are:

| | General | Debt Service | Bond | Sales Tax | Limited-Purpose Sales Tax Fund | Other Governmental Funds | Total Governmental Funds |
|---|------------------|------------------|-------------------|-------------------|--------------------------------|--------------------------|--------------------------|
| Fund balances: | | | | | | | |
| Nonspendable: | | | | | | | |
| Not in spendable form: | | | | | | | |
| Advances to other funds | \$ 472 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 472 |
| Land held for sale | 44 | - | - | - | - | - | 44 |
| | <u>516</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>516</u> |
| Restricted for: | | | | | | | |
| Economic stabilization reserve | 2,000 | - | - | - | - | - | 2,000 |
| Debt service | - | 63,587 | - | - | 294 | - | 63,881 |
| Capital projects | - | - | 197,467 | 215,860 | 131,191 | 6,606 | 551,124 |
| Federal and state grants | - | - | - | - | - | 882 | 882 |
| E-911 operations | - | - | - | - | - | 935 | 935 |
| Economic development | - | - | - | - | - | 1,419 | 1,419 |
| Transportation | - | - | - | - | - | 2,552 | 2,552 |
| Tulsa Stadium district improvements | - | - | - | - | - | 653 | 653 |
| Law enforcement training | - | - | - | - | - | 33 | 33 |
| Juvenile crime | - | - | - | - | - | 19 | 19 |
| Public safety | - | - | - | - | - | 5,235 | 5,235 |
| Other governmental purposes | - | - | - | - | - | 629 | 629 |
| | <u>2,000</u> | <u>63,587</u> | <u>197,467</u> | <u>215,860</u> | <u>131,485</u> | <u>18,963</u> | <u>629,362</u> |
| Committed: | | | | | | | |
| Medical services program | - | - | - | - | - | 5,163 | 5,163 |
| Operation of Air Force Plant 3 facility | - | - | - | - | - | 1,464 | 1,464 |
| Whittier Square district improvements | - | - | - | - | - | 45 | 45 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,672</u> | <u>6,672</u> |
| Assigned to: | | | | | | | |
| Budgetary resources - subsequent year | 6,221 | - | - | - | - | - | 6,221 |
| Unassigned | <u>47,301</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(419)</u> | <u>46,882</u> |
| | <u>\$ 56,038</u> | <u>\$ 63,587</u> | <u>\$ 197,467</u> | <u>\$ 215,860</u> | <u>\$ 131,485</u> | <u>\$ 25,216</u> | <u>\$ 689,653</u> |

The purpose of governmental funds and their revenue sources are listed below:

| Major Governmental Funds | Revenue sources | Purpose |
|---------------------------|---|---|
| Debt Service | Property tax | To pay debt service on General Obligation bonds and Judgments |
| Bond | Proceeds from bond issuances | Capital Improvements |
| Sales Tax | Sales taxes | Capital Improvements |
| Limited-Purpose Sales Tax | Sales taxes Proceeds from bond issuances | Capital Improvements and debt service |

Note 13. Pledged Revenues

1. Sales and Use Tax Revenues Pledged

Capital Improvements Series 2017 – TPFA has entered into a projects agreement with the City to provide financing for certain capital projects. The City will repay the advance with sales and use tax. Total principal and interest remaining on the debt is \$146,168 with annual debt service requirements ranging from \$3,459 to \$10,774 through 2032. Principal and interest paid during the year amounted to \$0. Sales and use tax revenue recorded by the City was \$10,066.

2. Revenues Pledged in Connection with Proprietary Fund Debt

Lease Revenue Bonds 2007A&B – TPFA has pledged future gross lease revenues derived from the operation of the OTC facility, including money received from the City pursuant to the lease and other funds, to repay approximately \$77,230 in revenue bonds. Proceeds from the bonds provided financing for the acquisition and improvement of the facilities. The bonds are payable from new and existing leases and other revenues and are payable through 2038. Annual principal and interest payments on the bonds required 59% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$103,703. Principal and interest paid on the bonds amounted to \$4,806. Total gross revenues were \$8,202.

Capital Improvements 2008 - TPFA has pledged future sponsorship and naming rights revenues derived from the operation of the BOK Arena to repay approximately \$16,000 in capital improvement bonds. Proceeds from the bonds provided financing for the acquisition, construction, furnishing and equipping of capital improvements and additions to the BOK Arena. The bonds are payable from new and existing sponsorship and naming rights revenues and are payable through 2027. Annual principal and interest payments on the bonds required 85% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$11,371. Principal and interest paid for the year was \$1,776. Total gross sponsorship and naming rights revenues were \$2,080.

Capital Improvements 2012 - TPFA has entered into a projects agreement with TARE to provide financing for the acquisition and delivery of trash carts and other capital improvements for use in the operations of TARE's system for solid waste management providing collection and disposal of residential solid waste. In return TARE has pledged future revenues to repay \$10,900 in capital improvement bonds issued payable through 2020. Total principal and interest remaining to be paid on the bonds

is \$4,621. Principal and interest paid for the year was \$1,591. Total solid waste collection and disposal revenue was \$27,141.

Improvement District Series 2013 – TST has pledged future gross revenues derived from operations of the baseball stadium and related facilities to repay approximately \$21,590 in revenue bonds. Proceeds from the bonds provided financing for construction of the baseball stadium and related facilities. The bonds are payable from gross revenues along with property tax assessments of the Tulsa Stadium Improvement District received from the City and are payable through 2039. Annual principal and interest payments on the bonds required 64% of total gross revenues. The total principal and interest remaining to be paid on the bonds is \$35,188. Principal and interest required to be paid for the year was \$1,599 exclusive of any additional amounts paid. Total gross revenues were \$249 and property tax assessments received from the City were \$2,159.

3. Revenues Pledged in Connection with Component Unit Debt

TMUA - TMUA has pledged future water and wastewater customer revenues, net of specified operating expenses and net of amounts pledged for promissory note debt service to repay \$183,620 in water and wastewater system revenue bonds and future wastewater customer revenues, net of specified operating expenses, to repay \$193,595 in wastewater promissory notes. Proceeds from the bonds and promissory notes provided financing for the construction of various water and wastewater capital projects. The bonds and promissory notes are payable solely from water and wastewater net revenues and are payable through 2040. Annual principal and interest payments on the bonds and promissory notes required 17% and 38% of water and wastewater net revenues, respectively. The total principal and interest remaining to be paid on the bonds and promissory notes is \$168,672 and \$309,879 for water and wastewater, respectively. Combined principal and interest paid for the year were \$14,128 and \$21,949, for water and wastewater respectively. Total net revenues as described above were \$97,706 and \$53,169, respectively.

Airports - TAIT has pledged future revenues derived from the operation of the Airports to repay approximately \$200,313 in revenue bonds. Proceeds from the bonds provided financing for various airport capital projects and debt refundings. The bonds are payable solely from gross revenues and are payable through 2045. Annual principal and interest payments on the bonds required 35% of gross revenues. The total principal and interest remaining to be paid on the bonds

Note 13. Pledged Revenue, continued

is \$263,402. Principal and interest paid for the year was \$17,394. Total gross revenues were \$47,437.

TPA - TPA has pledged future gross revenues derived from the operation of the parking facilities to repay approximately \$17,860 in revenue bonds. Proceeds from the bonds provided financing for various parking facilities and debt refundings. The bonds are payable

solely from gross revenues and are payable through 2028. Annual principal and interest payments on the bonds required 29% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$12,854. Principal and interest paid for the year were \$1,790 and \$392, respectively. Total gross revenues were \$7,492.

Note 14. Lease Commitments

Operating Leases

The City has entered into a number of operating leases. These leases contain cancellation provisions and are subject to annual appropriation clauses. Lease expenditures were \$414 for all types of leases for the primary government and \$457 for its component units.

Capital Leases

On December 2, 1984, TMUA entered a contract with the United States of America to utilize the water storage in Oologah Lake as a source of a municipal and industrial water supply.

The lease terms call for annual payment of principal and interest along with operations and maintenance costs, which is subject to adjustment based upon the consumer price index. The lease carries an interest rate of 3.23% and matures in 2031.

Minimum lease payments for TMUA under the lease are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Operating Expense</u> | <u>Total</u> |
|-----------|------------------|-----------------|------------------------------|------------------|
| 2018 | \$ 207 | \$ 116 | \$ 420 | \$ 743 |
| 2019 | 213 | 109 | 420 | 742 |
| 2020 | 220 | 102 | 420 | 742 |
| 2021 | 227 | 95 | 420 | 742 |
| 2022 | 235 | 88 | 420 | 743 |
| 2023-2027 | 1,293 | 320 | 2,100 | 3,713 |
| 2028-2032 | 1,193 | 97 | 1,679 | 2,969 |
| | <u>\$ 3,588</u> | <u>\$ 927</u> | <u>\$ 5,879</u> | <u>\$ 10,394</u> |

Note 15. Contingent Liabilities

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

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

Note 16. Commitments

Primary Government Encumbrances:

| | |
|-------------------------------|-------------------------|
| Governmental Funds: | |
| Major Funds: | |
| General Fund | \$ 5,834 |
| Sales Tax | 38,490 |
| Bond | 23,160 |
| Nonmajor Funds | <u>9,978</u> |
| | <u>77,462</u> |
| | |
| Internal Service Funds | <u>615</u> |
| | |
| Enterprise Funds: | |
| Stormwater Management | 4,669 |
| One Technology Center | <u>663</u> |
| | <u>5,332</u> |
| | |
| Total | <u><u>\$ 83,409</u></u> |

Note 17. Subsequent Events

The City has evaluated events or transactions for potential recognition or disclosure in these financial statements that occurred subsequent to June 30, 2017 through December 19, 2017, the date these financial statements were available to be issued.

General Obligation Bonds, Series 2018 – On or around March 2018, the City plans to issue \$75,000 in Series 2018 General Obligation Bonds. This issuance is for the purpose of constructing, reconstructing, improving and repairing streets and bridges.

TPFA Capital Lease Revenue Bonds, Refunding Series 2017A – On August 24, 2017, the TPFA issued \$34,185 in Series 2017A Capital Lease Revenue Refunding Bonds. The proceeds refunded TPFA's Series 2007A Lease Payment Revenue bonds.

TPFA Capital Improvements Revenue Bonds, Taxable Refunding Series 2017B – On August 24, 2017, the

TPFA issued \$25,465 in Series 2017B Capital Improvements Revenue Taxable Refunding Bonds. The proceeds refunded TPFA's Lease Payment Revenue Bonds Taxable Series 2007B bonds.

TAIT General Airport Revenue Refunding Bonds, Taxable Series 2017 – On September 6, 2017, the TAIT issued \$54,180 in Series 2017 General Airport Revenue Taxable Refunding Bonds. The proceeds advance refunded a portion of TAIT's Taxable Refunding Series 2009D bonds.

TMUA Line of Credit - On November 15, 2017 the Authority approved a second amendment to extend the line of credit agreement in the amount of \$10,000 with Arvest Bank through October 22, 2018. The credit line will be repaid from the TMUA Water Operating Fund, if utilized.

Note 18. Future Changes in Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several statements not yet effective and not yet implemented by the City. The City plans to implement all applicable standards by the required dates. The City's management has not yet determined the effect these statements will have on the City's financial statements.

GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – Issued in June 2016, will be effective for the City beginning with its fiscal year ending June 30, 2018. This Statement replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust, cost-sharing OPEB plans administered through a trust and OPEB not provided through a trust. This Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities.

GASB Statement No. 84 – Fiduciary Activities - Issued in January 2017 will be effective for the City beginning with its fiscal year ending June 30, 2020. This statement will improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities. The statement also provides for recognition of a liability to the beneficiary in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

GASB Statement No. 83 – Certain Asset Retirement Obligations - This Statement will be effective for the City beginning with its fiscal year ending June 30, 2019.

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB Statement No. 87 – Leases – Issued in June 2017, will be effective for the City beginning with its fiscal year ending June 30, 2021. This Statement increases the usefulness of the City's 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, the City, as a lessee, is required to recognize a lease liability and an intangible right-to-use lease asset, and as a lessor, is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the City's leasing activities. GASB Statement 87 has the potential to have a significant impact on the City's financial statements.

Municipal Employees' Retirement Plan Defined Benefits Pension Plan
Schedule of Changes in the Net Pension Liability
 For the current and prior three years

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|-------------------|-------------------|
| Total pension liability: | | | | |
| Service cost | \$ 13,853 | \$ 12,203 | \$ 12,561 | \$ 15,518 |
| Interest | 46,331 | 41,536 | 40,928 | 38,247 |
| Changes of benefit terms | (191) | - | (788) | - |
| Differences between expected and actual experience | (6,652) | 2,979 | (8,598) | (1,581) |
| Changes of assumptions | - | 61,038 | - | (71,058) |
| Benefit payments, including refunds of member contributions | <u>(37,222)</u> | <u>(36,326)</u> | <u>(35,842)</u> | <u>(33,472)</u> |
| Net change in total pension liability | 16,119 | 81,430 | 8,261 | (52,346) |
| | | | | |
| Total pension liability—beginning | <u>629,218</u> | <u>547,788</u> | <u>539,527</u> | <u>591,873</u> |
| Total pension liability—ending (a) | <u>\$ 645,337</u> | <u>\$ 629,218</u> | <u>\$ 547,788</u> | <u>\$ 539,527</u> |
| | | | | |
| Plan fiduciary net position: | | | | |
| Contributions—employer | \$ 13,562 | \$ 14,016 | \$ 12,886 | \$ 12,003 |
| Contributions—member | 7,653 | 7,533 | 7,182 | 6,677 |
| Net investment income | 51,278 | 5,523 | 10,797 | 61,164 |
| Benefit payments, including refunds of member contributions | (37,222) | (36,326) | (35,842) | (33,472) |
| Administrative expense | <u>(409)</u> | <u>(375)</u> | <u>(295)</u> | <u>(313)</u> |
| Net change in plan fiduciary net position | 34,862 | (9,629) | (5,272) | 46,059 |
| | | | | |
| Plan fiduciary net position—beginning | <u>412,905</u> | <u>422,534</u> | <u>427,806</u> | <u>381,747</u> |
| Plan fiduciary net position—ending (b) | <u>\$ 447,767</u> | <u>\$ 412,905</u> | <u>\$ 422,534</u> | <u>\$ 427,806</u> |
| | | | | |
| Plan's net pension liability—ending (a) – (b) | <u>\$ 197,570</u> | <u>\$ 216,313</u> | <u>\$ 125,254</u> | <u>\$ 111,721</u> |

Notes:

Information for years prior to 2014 is not available.

Changes of assumptions- In 2016, amounts reported as changes of assumptions resulted primarily from the change in the mortality table from the 1994 Group Annuity Tables, set forward 2 year for males and 1 year for females to the RP-2014 Combined Healthy Mortality Tables with Blue Collar adjustments and generational mortality improvements with Scale MP-2015 from the table's base year of 2014. Additionally, the discount rate changed from 7.75% to 7.5%.

Changes of assumptions- In 2014, amounts reported as changes of assumptions resulted primarily from the change in the discount rate from 6.56% to 7.75%.

*Municipal Employees' Retirement Plan Defined Benefits Pension Plan
 Schedule of City's Proportionate Share
 For the current and prior three years*

| <u>Year</u> | <u>Primary Government Proportion of Net Pension Liability</u> | <u>Primary Government Proportionate Share of Net Pension Liability</u> | <u>Primary Government Covered Payroll</u> | <u>Primary Government Proportionate Share of Net Pension Liability as a Percentage of its Covered- Employee Payroll</u> | <u>Plan Fiduciary net Position as a Percentage of Total Pension Liability</u> |
|-------------|---|--|---|---|---|
| 2017 | 48.5084% | \$ 95,838 | \$ 58,643 | 163% | 69.4% |
| 2016 | 48.6849% | 105,312 | 55,991 | 188% | 65.6% |
| 2015 | 47.7731% | 59,838 | 54,059 | 111% | 77.1% |
| 2014 | 48.8840% | 54,614 | 52,162 | 105% | 79.3% |

Note:

Information for years prior to 2014 is not available.

Municipal Employees' Retirement Plan Defined Benefits Pension Plan
Schedule of City's Contributions
For the current and past nine years

| Fiscal Year Ended June 30 | Primary Government Contractually Required Contribution | Primary Government Actual Contributions | Contribution Deficiency (Excess) | Primary Government Covered Payroll | Contributions as a Percentage of Covered Payroll |
|------------------------------|--|--|--|---|--|
| 2017 | \$ 6,744 | \$ 6,744 | \$ - | \$ 58,643 | 11.5% |
| 2016 | 6,439 | 6,439 | - | 55,991 | 11.5% |
| 2015 | 6,217 | 6,217 | - | 54,059 | 11.5% |
| 2014 | 5,216 | 5,520 | (304) | 52,162 | 10.6% |
| 2013 | 5,707 | 7,061 | (1,354) | 57,070 | 12.4% |
| 2012 | 4,988 | 6,886 | (1,898) | 53,638 | 12.8% |
| 2011 | 3,289 | 3,289 | - | 52,204 | 6.3% |
| 2010 | 3,732 | 3,732 | - | 59,235 | 6.3% |
| 2009 | 3,795 | 3,795 | - | 60,236 | 6.3% |
| 2008 | 3,904 | 3,904 | - | 61,963 | 6.3% |

*Municipal Employees' Retirement Plan Defined Benefits Pension Plan
 Schedule of Investment Returns
 For the current and prior four years, and
 Schedule of Actuarial Valuation, Methods and Assumptions*

Annual Money-weighted Rate of Return, Net of Investment Expense

(Information for prior years is not available)

| 2017 | 2016 | 2015 | 2014 | 2013 |
|-------|------|------|-------|-------|
| 13.0% | 1.7% | 2.7% | 16.9% | 11.8% |

Actuarial Valuation, Methods and Assumptions

| | |
|--------------------------------|--|
| Valuation date | January 1, 2017 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level percent, 30 year closed period beginning January 1, 2016 |
| Remaining amortization periods | 30 years |
| Asset valuation method | 5 year smoothed FMV |
| Investment rate of return | 7.50% |
| Projected salary increases | 4.00%-11.75% |
| Inflation | 3.00% |
| Cost-of-living adjustments | None |
| Mortality | RP-2014 Combined Healthy Mortality Tables with Blue Collar adjustments Generational mortality improvements with Scale MP-2015 from the table's base year of 2014 |

Oklahoma Firefighters Pension and Retirement System
Schedule of City's Proportionate Share
For the current and prior two years

| Year | City's Proportion of Net Pension Liability | City's Proportionate Share of Net Pension Liability | City's Covered Payroll | City's Proportionate Share of Net Pension Liability as a Percentage of its Covered- Employee Payroll | Plan Fiduciary Net Position as a Percentage of Total Pension Liability |
|------|--|---|------------------------------|--|--|
| 2017 | 16.6406% | \$ 203,300 | \$ 48,299 | 420.92% | 64.9% |
| 2016 | 15.7228% | 166,883 | 46,505 | 358.85% | 68.3% |
| 2015 | 16.6964% | 171,697 | 42,958 | 370.92% | 68.1% |

Note:

Information for years prior to 2015 is not available.

Oklahoma Firefighters Pension and Retirement System
Schedule of City's Contributions
For the current and past nine years

| Fiscal Year Ended June 30 | Contractually Required Contribution | Contributions in Relation to the Contractually Required Contribution | Contribution Deficiency (Excess) | City's Covered- Employee Payroll | Contributions as a Percentage of Covered- Employee Payroll |
|------------------------------|---|---|--|---|---|
| 2017 | \$ 6,762 | \$ 6,762 | \$ - | \$ 48,299 | 14% |
| 2016 | 6,511 | 6,511 | - | 46,505 | 14% |
| 2015 | 6,014 | 6,014 | - | 42,958 | 14% |
| 2014 | 5,995 | 5,995 | - | 45,889 | 13% |
| 2013 | 5,661 | 5,661 | - | 43,543 | 13% |
| 2012 | 5,456 | 5,456 | - | 41,968 | 13% |
| 2011 | 5,092 | 5,092 | - | 39,170 | 13% |
| 2010 | 5,306 | 5,306 | - | 40,814 | 13% |
| 2009 | 5,477 | 5,477 | - | 42,127 | 13% |
| 2008 | 5,265 | 5,265 | - | 40,503 | 13% |

Oklahoma Police Pension and Retirement System
Schedule of City's Proportionate Share
For the current and prior two years

| <u>Year</u> | <u>City's Proportion of Net Pension Liability (Asset)</u> | <u>City's Proportionate Share of Net Pension Liability (Asset)</u> | <u>City's Covered Payroll</u> | <u>City's Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)</u> |
|-------------|---|--|---------------------------------------|---|---|
| 2017 | 18.3388% | \$ 28,084 | \$ 54,316 | 51.70% | 93.5% |
| 2016 | 17.8728% | 728 | 53,854 | 1.35% | 99.8% |
| 2015 | 19.1732% | (6,455) | 50,332 | -12.82% | 101.5% |

CITY OF TULSA
 REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2017
 (dollar amounts expressed in thousands)

Oklahoma Police Pension and Retirement System
Schedule of City's Contributions
For the current and past nine years

| Fiscal Year Ended June 30 | Contractually Required Contribution | Contributions in Relation to the Contractually Required Contribution | Contribution Deficiency (Excess) | City's Covered- Employee Payroll | Contributions as a Percentage of Covered- Employee Payroll |
|------------------------------|---|--|--|---|--|
| 2017 | \$ 7,061 | \$ 7,061 | \$ - | \$ 54,316 | 13% |
| 2016 | 7,001 | 7,001 | - | 53,854 | 13% |
| 2015 | 6,543 | 6,543 | - | 50,332 | 13% |
| 2014 | 6,594 | 6,594 | - | 50,720 | 13% |
| 2013 | 6,595 | 6,595 | - | 50,727 | 13% |
| 2012 | 6,135 | 6,135 | - | 47,189 | 13% |
| 2011 | 5,961 | 5,961 | - | 45,855 | 13% |
| 2010 | 6,112 | 6,112 | - | 47,018 | 13% |
| 2009 | 6,585 | 6,585 | - | 50,653 | 13% |
| 2008 | 6,429 | 6,429 | - | 49,452 | 13% |

Other Post-Employment Benefits
 For the current and prior two years

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|---|------------------------------------|--------------------------|-----------------------------|---|
| 7/1/16 | \$ - | \$ 6,063 | \$ 6,063 | 0.0% | \$ 104,090 | 5.8% |
| 7/1/15 | - | 9,713 | 9,713 | 0.0% | 101,059 | 9.6% |
| 7/1/14 | - | 12,180 | 12,180 | 0.0% | 100,176 | 12.2% |

General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis)

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|------------|-------------------------------|------------|
| | Original | Final | Amounts Budgetary Basis | |
| Revenues | | | | |
| Taxes | \$ 203,226 | \$ 198,796 | \$ 194,672 | \$ (4,124) |
| Licenses and permits | 8,342 | 8,342 | 8,112 | (230) |
| Intergovernmental | 8,323 | 8,323 | 7,457 | (866) |
| Charges for service | 21,041 | 21,057 | 20,127 | (930) |
| Fines and forfeitures | 8,800 | 8,800 | 8,131 | (669) |
| Investment income | 3,081 | 3,081 | 3,734 | 653 |
| Payments from component unit | 13,875 | 13,875 | 14,609 | 734 |
| Miscellaneous | 2,773 | 3,023 | 2,657 | (366) |
| Total revenues | 269,461 | 265,297 | 259,499 | (5,798) |
| Expenditures | | | | |
| Current | | | | |
| General government | 40,959 | 40,147 | 38,019 | 2,128 |
| Public works and transportation | 19,832 | 18,797 | 18,275 | 522 |
| Social and economic development | 11,499 | 11,247 | 11,153 | 94 |
| Public safety and protection | 165,918 | 169,741 | 168,893 | 848 |
| Culture and recreation | 21,389 | 21,199 | 20,846 | 353 |
| Payments to component units | 7,344 | 7,344 | 7,344 | - |
| Total expenditures | 266,941 | 268,475 | 264,530 | 3,945 |
| Excess (deficiency) of revenues over expenditures | 2,520 | (3,178) | (5,031) | (1,853) |
| Other financing sources (uses) | | | | |
| Transfers in | 2,291 | 2,291 | 2,400 | 109 |
| Transfers out | (5,566) | (5,566) | (5,566) | - |
| Total other financing uses | (3,275) | (3,275) | (3,166) | 109 |
| Net change in fund balances | (755) | (6,453) | (8,197) | (1,744) |
| Fund balances, beginning of year | 33,210 | 33,210 | 33,210 | - |
| Fund balances, end of year | \$ 32,455 | \$ 26,757 | 25,013 | \$ (1,744) |
| Reconciliation to GAAP basis - basis differences: | | | | |
| Reserve for encumbrances | | | 5,885 | |
| Reserve for advances | | | 472 | |
| Reserve for land inventory | | | 44 | |
| Receivables | | | 29,966 | |
| Non-budgetary payables | | | (1,565) | |
| Unearned revenue | | | (583) | |
| Decrease in fair value of investments | | | (3,194) | |
| Fund balance - GAAP basis | | | \$ 56,038 | |

General Fund - Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis)

Budgetary Process - City Charter and the Oklahoma Municipal Budget Act (Act) require the Mayor to prepare and submit an annual budget to the City Council for adoption in the form of an ordinance. An annual budget is adopted for the General Fund. There are no major Special Revenue Funds with a legally adopted annual budget.

Budget Policy - Under the Municipal Budgetary Act, it is unlawful for the City to create or authorize creation of a deficit in any fund that is subject to the Act.

Transfers of available budgetary balances appropriated for one purpose may be transferred for another purpose with the following levels of approval:

- The Budget and Planning Division Manager may approve budget amendments affecting accounts within the same expenditure account group, department, fund and project.
- The Mayor has the authority to approve budget amendments of less than \$100 from one expenditure account group to another expenditure account group or from one project to another project with the same department and fund.
- The City Council has the authority to approve budget amendments from one department to another department and transfers in excess of \$100 between account groups within a department.

Generally, appropriations lapse at the end of the fiscal year with the exception of multi-year project appropriations, unexpended grant appropriations and encumbered appropriations. Encumbered appropriations carry over from one year to the next.

Budgetary Basis of Accounting - The City's policy is to prepare the governmental fund type annual budgets on a cash basis, which is modified to include encumbrances as the equivalent of expenditures. Estimated revenues are prepared on a cash basis and may include any available amounts in fund balance.

Legal Level of Budgetary Control - Excess of Expenditures over Appropriations - Expenditures cannot exceed appropriations at the legal level of budgetary control. The level at which expenditures cannot exceed appropriations is by department and category of expenditure within a fund. Expenditure categories at this level are personal services, materials and supplies, other services, debt service, and capital outlay. There were no expenditures in excess of appropriations and the legal level of budgetary control.

Budgeting and Budgetary Control - The accounting principles employed by the City in its budgetary accounting and reporting system are designed to enhance budgetary control. Certain of these principles differ from those used to present financial statements in accordance with U.S. generally accepted accounting principles. The significant differences are the exclusion of accrued and deferred revenues and accrued expenditures and transfers out from the budgetary-basis statement.

Encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration in the funds.

Budgetary Amounts – Original and Final - The original budget includes that adopted by ordinance including provision for encumbered amounts carried over from the prior year. The final budget amounts include the original budget along with amendments.

SECTION 2 (CONT'D)

NONMAJOR GOVERNMENTAL FUNDS



T U L S A **BOK** I L E R S

Nonmajor Governmental Funds

Special Revenue Funds—are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

- Federal and State Grants Fund—Accounts for grants received from various federal agencies and the State of Oklahoma.
- Medical Services Program—Accounts for the collection of service fees and operating expenditures to help ensure quality emergency ambulance service in the City.
- E-911 Operating Fund—Accounts for the collection of E-911 fees and operating expenditures incurred in the provision of emergency 911 services.
- Economic Development Fund—Accounts for City's hotel/motel excise tax revenue. The monies are used for and economic development and to promote the convention center.
- Tulsa Stadium Improvements District Fund—Accounts for a special assessment tax to be used for funding for ONEOK Field Baseball Park, home of the Tulsa Drillers minor league baseball team and to provide services to the downtown area.
- Special Development Fund—A grouping of five small funds with varying restricted revenue expenditure types. The two most significant funds are the Air Force Plant 3 Fund, and Penalty Assessment Law Enforcement Training Fund.
- Vision Public Safety Sales Tax Fund—Accounts for a limited-purpose sales tax levy for the purpose of providing revenue for the support of the public safety functions of the City of Tulsa.
- Vision Transportation Sales Tax Fund—Accounts for a limited-purpose sales tax levy for the purpose of providing revenue for the support of street maintenance, traffic and public transportation functions of the City of Tulsa.

Capital Projects Funds—are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

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

Budget And Actual Schedules—Budgetary Basis—Budgetary Level of Control

- General Fund:
 - Schedule of Revenues
 - Schedule of Expenditures and Encumbrances
- Nonmajor Governmental Funds:
 - Schedules of Revenues, Expenditures and Changes in Fund Balances

CITY OF TULSA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017
(amounts expressed in thousands)

| | Special Revenue | | | | | | | | | | Capital Projects | | | | | | Total Nonmajor Governmental Funds | | | |
|--|--------------------------------|--------------------------------|-------------------------|-----------|-----------------------------|--------------------|-------------------------|------------------------------|----------|------------------------|--|-----------------------------------|---------|------------------------------------|------|--------------------------------|--|------------------------------|--|--|
| | Federal and State Grants | Medical Services Program | Vision Public Safety | | Transportation Sales Tax | E-911 Operating | Economic Development | Tulsa Stadium Improvement | | Special Development | Grahams Park Trust Capital Project | Long Range Capital Projects | | Vision 2025 Capital Projects | | Parkway Arterial Streets | | Enhanced 911 Construction | | |
| | | | Sales Tax | Sales Tax | | | | District | District | | | Streets | Streets | | | | | | | |
| Assets | | | | | | | | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 4,450 | \$ 3,627 | \$ 1,675 | \$ 751 | \$ 1,073 | \$ 739 | \$ 2,125 | | | \$ 61 | \$ 6,524 | \$ - | \$ - | \$ 1 | \$ 47 | \$ 21,073 | | | |
| Receivables, net | 10,490 | 743 | 1,668 | 886 | 329 | 706 | 100 | 12 | | | - | 40 | - | - | - | - | 14,974 | | | |
| Total assets | \$ 10,490 | \$ 5,193 | \$ 5,295 | \$ 2,561 | \$ 1,080 | \$ 1,779 | \$ 839 | \$ 2,137 | | | \$ 61 | \$ 6,564 | \$ - | \$ - | \$ 1 | \$ 47 | \$ 36,047 | | | |
| Liabilities | | | | | | | | | | | | | | | | | | | | |
| Accounts payable and accrued liabilities | 1,849 | 30 | 60 | 9 | 145 | 360 | 90 | 24 | | | - | 67 | 65 | - | - | - | 2,699 | | | |
| Due to other funds | 1,000 | - | - | - | - | - | - | - | | | - | - | 209 | - | - | - | 1,209 | | | |
| Unearned revenue | 196 | - | - | - | - | - | - | 68 | | | - | - | - | - | - | - | 264 | | | |
| Total liabilities | 3,045 | 30 | 60 | 9 | 145 | 360 | 90 | 92 | | | - | 67 | 274 | - | - | - | 4,172 | | | |
| Deferred inflows of resources | | | | | | | | | | | | | | | | | | | | |
| Unavailable revenue- special assessments | - | - | - | - | - | - | 96 | - | | | - | - | - | - | - | - | 96 | | | |
| Unavailable revenue- intergovernmental | 6,563 | - | - | - | - | - | - | - | | | - | - | - | - | - | - | 6,563 | | | |
| Total unavailable revenue | 6,563 | - | - | - | - | - | 96 | - | | | - | - | - | - | - | - | 6,659 | | | |
| Fund balances (deficit): | | | | | | | | | | | | | | | | | | | | |
| Restricted | 882 | - | 5,235 | 2,552 | 935 | 1,419 | 653 | 681 | | | 61 | 6,497 | - | - | 1 | 47 | 18,963 | | | |
| Committed | - | 5,163 | - | - | - | - | - | 1,509 | | | - | - | - | - | - | - | 6,672 | | | |
| Unassigned | - | - | - | - | - | - | - | (145) | | | - | - | (274) | - | - | - | (419) | | | |
| Total fund balances (deficit) | 882 | 5,163 | 5,235 | 2,552 | 935 | 1,419 | 653 | 2,045 | | | 61 | 6,497 | (274) | - | 1 | 47 | 25,216 | | | |
| Total liabilities, deferred inflows of resources and fund balances | \$ 10,490 | \$ 5,193 | \$ 5,295 | \$ 2,561 | \$ 1,080 | \$ 1,779 | \$ 839 | \$ 2,137 | | | \$ 61 | \$ 6,564 | \$ - | \$ - | \$ 1 | \$ 47 | \$ 36,047 | | | |

CITY OF TULSA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2017
(amount expressed in thousands)

| | Special Revenue | | | | | | | Capital Projects | | | | | Total Nonmajor Governmental Funds | |
|---|--------------------------|--------------------------|--------------------------------|---------------------------------|-----------------|----------------------|------------------------------------|---------------------|-------------------------------------|-----------------------------|------------------------------|-------------------------|-----------------------------------|---------------------------|
| | Federal and State Grants | Medical Services Program | Vision Public Safety Sales Tax | Vision Transportation Sales Tax | E-911 Operating | Economic Development | Tulsa Stadium Improvement District | Special Development | Grahams Park Trust Capital Projects | Long Range Capital Projects | Vision 2025 Capital Projects | Parkway Arterial Street | | Enhanced 911 Construction |
| Revenues: | | | | | | | | | | | | | | |
| Sales tax | - | - | 5,825 | 3,094 | - | - | - | - | - | - | - | - | - | 8,919 |
| Franchise tax | - | - | - | - | - | - | - | - | - | 504 | - | - | - | 504 |
| Hotel/Motel tax | - | - | - | - | - | 7,232 | - | - | - | - | - | - | - | 7,232 |
| Special assessment | - | - | - | - | - | - | 3,383 | 9 | - | - | - | - | - | 3,392 |
| Charges for services | - | 6,885 | - | - | 3,544 | - | - | 62 | - | 347 | - | - | - | 10,838 |
| Intergovernmental revenues | 12,984 | - | - | - | - | - | - | 381 | - | 220 | - | - | - | 13,585 |
| Fines and forfeitures | - | - | - | - | - | - | 8 | 87 | - | - | - | - | - | 95 |
| Investment income (loss) | 4 | (4) | (23) | (10) | (3) | 6 | 7 | 2 | - | - | - | - | - | (21) |
| Program income from grants | 1,382 | - | - | - | - | - | - | - | - | - | - | - | - | 1,382 |
| Payments from component units | - | - | - | - | - | - | - | 10 | - | - | - | - | - | 10 |
| Miscellaneous | - | - | - | - | 1 | - | 3 | 242 | - | - | - | - | - | 247 |
| Total revenue | 14,370 | 6,881 | 5,802 | 3,084 | 3,542 | 7,239 | 3,401 | 793 | - | 851 | 220 | - | - | 46,183 |
| | | | | | | | | | | | | | | |
| | 1,738 | 4,275 | 567 | - | 2,895 | - | 72 | 346 | - | 4 | - | - | 69 | 145 |
| General government | 962 | - | - | 432 | - | - | - | - | - | - | - | - | - | 9821 |
| Public safety and protection | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,394 |
| Public works and transportation | - | - | - | - | - | 620 | - | 1 | - | - | - | - | - | 621 |
| Culture and recreation | 7,344 | - | - | - | - | 3,999 | 1,191 | 189 | - | - | - | - | - | 12,723 |
| Social and economic development | - | - | - | 100 | - | - | - | - | - | - | - | - | - | 100 |
| Payments to component units | 9,826 | 20 | - | - | - | 269 | 7 | 13 | - | 1,261 | 329 | - | 2 | 11,727 |
| Capital outlay | 19,870 | 4,295 | 567 | 532 | 2,895 | 4,888 | 1,270 | 549 | - | 1,265 | 329 | - | 71 | 36,531 |
| Total expenditures | (5,500) | 2,586 | 5,235 | 2,552 | 647 | 2,351 | 2,131 | 244 | - | (414) | (109) | - | (71) | 9,652 |
| Excess (deficiency) of revenues over expenditures | | | | | | | | | | | | | | |
| | 2,058 | - | - | - | - | - | - | 10 | - | - | - | - | - | 2,068 |
| Transfers in | (426) | (650) | - | - | - | (2,540) | (2,159) | - | - | - | - | - | - | (5,775) |
| Transfers out | 1,632 | (650) | - | - | - | (2,540) | (2,159) | 10 | - | - | - | - | - | (3,707) |
| Total other financing sources (uses) | | | | | | | | | | | | | | |
| | (3,868) | 1,936 | 5,235 | 2,552 | 647 | (189) | (28) | 254 | - | (414) | (109) | - | (71) | 5,945 |
| Net change in fund balances | 4,750 | 3,227 | - | - | 288 | 1,608 | 681 | 1,791 | 61 | 6,911 | (165) | 1 | 118 | 19,271 |
| Fund balance (deficit), beginning of year | \$ 882 | \$ 5,163 | \$ 5,235 | \$ 2,552 | \$ 935 | \$ 1,419 | \$ 653 | \$ 2,045 | \$ 61 | \$ 6,497 | \$ (274) | \$ 1 | \$ 47 | \$ 25,216 |
| Fund balance (deficit), end of year | | | | | | | | | | | | | | |

**CITY OF TULSA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Budgetary Level of Control
Year ended June 30, 2017
(amounts expressed in thousands)**

| | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|-----------------|------------|----------------------------------|
| Taxes | | | |
| Sales tax | \$ 152,375 | \$ 148,785 | \$ (3,590) |
| Franchise tax: | | | |
| Gas | 3,700 | 3,640 | (60) |
| Power and light | 8,504 | 8,682 | 178 |
| Telephone | 4,956 | 4,971 | 15 |
| Thermal systems | 250 | 223 | (27) |
| Cable television | 5,539 | 5,083 | (456) |
| Use tax | 23,321 | 23,142 | (179) |
| Hotel/Motel tax | 151 | 146 | (5) |
| | 198,796 | 194,672 | (4,124) |
| Licenses and Permits | | | |
| Business licenses and permits: | | | |
| Occupational licenses | 371 | 290 | (81) |
| Retail liquor licenses | 29 | 62 | 33 |
| Amusement and recreation permits | 366 | 348 | (18) |
| Restaurant licenses | 118 | 123 | 5 |
| Taxicabs and drivers permits | 41 | 18 | (23) |
| Liquor occupational tax | 394 | 436 | 42 |
| Beer licenses | 11 | 25 | 14 |
| Non-business licenses and permits: | | | |
| Inspection fees | 4,768 | 4,718 | (50) |
| PFPI permits | 773 | 750 | (23) |
| Security alarm permits | 965 | 790 | (175) |
| Other | 506 | 552 | 46 |
| | 8,342 | 8,112 | (230) |
| Intergovernmental Revenue | | | |
| Grants | 20 | - | (20) |
| Shared revenue: | | | |
| State liquor tax | 689 | 719 | 30 |
| State gasoline tax | 765 | 731 | (34) |
| State tobacco tax | 2,898 | 2,912 | 14 |
| State vehicle license | 2,993 | 2,743 | (250) |
| Other | 958 | 352 | (606) |
| | \$ 8,323 | \$ 7,457 | \$ (866) |

Continued

**CITY OF TULSA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Budgetary Level of Control
Year ended June 30, 2017
(amounts expressed in thousands)**

Continued

| | Final Budget | Actual | Variance with Final Budget |
|--------------------------------------|-------------------|-------------------|----------------------------------|
| Charges for Services | | | |
| Indirect costs: | | | |
| Airport | \$ 50 | \$ 52 | \$ 2 |
| TARE | 629 | 629 | - |
| Stormwater | 1,061 | 1,061 | - |
| Water & Sewer | 5,880 | 5,880 | - |
| Other | 365 | 513 | 148 |
| General government: | | | |
| Planning & zoning fees | 280 | 297 | 17 |
| Processing fees | 11 | 11 | - |
| Service charges | 84 | 98 | 14 |
| Document sales & copies | 25 | 32 | 7 |
| Public safety: | | | |
| Dog pound fees | 186 | 178 | (8) |
| Weed mowing | 1,300 | 1,027 | (273) |
| Nuisance abatement fees | 12 | 13 | 1 |
| Police special events | 340 | 360 | 20 |
| Airport police & fire services | 1,600 | 1,981 | 381 |
| Other service fees | 303 | 283 | (20) |
| Cultural and recreational: | | | |
| Concessions | 24 | 36 | 12 |
| Performing Arts Center | 1,681 | 1,363 | (318) |
| Parks | 700 | 766 | 66 |
| Highways and streets: | | | |
| Paving cut repair charges | 6,046 | 5,068 | (978) |
| Parking meters and other | 480 | 479 | (1) |
| | <u>21,057</u> | <u>20,127</u> | <u>(930)</u> |
| Fines | | | |
| Parking and traffic fines | 8,800 | 8,131 | (669) |
| Interest on Investments | 3,081 | 3,734 | 653 |
| Payments from component units | | | |
| TARE | 1,553 | 1,582 | 29 |
| TMUA | 12,322 | 13,027 | 705 |
| | <u>13,875</u> | <u>14,609</u> | <u>734</u> |
| Miscellaneous | | | |
| Sales of City property | 510 | 381 | (129) |
| Recoveries | 1,859 | 1,841 | (18) |
| Property rentals & leases | 385 | 210 | (175) |
| Other | 269 | 225 | (44) |
| | <u>3,023</u> | <u>2,657</u> | <u>(366)</u> |
| Total revenues | <u>\$ 265,297</u> | <u>\$ 259,499</u> | <u>\$ (5,798)</u> |

CITY OF TULSA
GENERAL FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Budgetary Level of Control
Year ended June 30, 2017
(amounts expressed in thousands)

| | Appropriations | | | Final Budget | Actual | | Variance with Final Budget |
|---------------------------|-----------------|-----------|--------|--------------|--------------|--------------|----------------------------|
| | Original Budget | Revisions | | | Expenditures | Encumbrances | |
| General government | | | | | | | |
| Departments: | | | | | | | |
| Mayor: | | | | | | | |
| Personnel services | \$ 811 | \$ 140 | \$ 951 | \$ 896 | \$ - | \$ 896 | \$ 55 |
| Materials & supplies | 11 | - | 11 | 9 | - | 9 | 2 |
| Other services & charges | 110 | 55 | 165 | 135 | 6 | 141 | 24 |
| City Auditor: | | | | | | | |
| Personnel services | 1,062 | (90) | 972 | 949 | - | 949 | 23 |
| Materials & supplies | 10 | - | 10 | 6 | - | 6 | 4 |
| Other services & charges | 50 | 90 | 140 | 82 | 40 | 122 | 18 |
| City Council: | | | | | | | |
| Personnel services | 1,163 | - | 1,163 | 1,037 | - | 1,037 | 126 |
| Materials & supplies | 12 | - | 12 | 12 | - | 12 | - |
| Other services & charges | 74 | - | 74 | 69 | 2 | 71 | 3 |
| Finance: | | | | | | | |
| Personnel services | 5,863 | (150) | 5,713 | 5,554 | - | 5,554 | 159 |
| Materials & supplies | 80 | (5) | 75 | 50 | - | 50 | 25 |
| Other services & charges | 2,851 | (386) | 2,465 | 1,233 | 983 | 2,216 | 249 |
| Legal: | | | | | | | |
| Personnel services | 3,319 | (196) | 3,123 | 3,123 | - | 3,123 | - |
| Materials & supplies | 76 | 5 | 81 | 80 | - | 80 | 1 |
| Other services & charges | 630 | (9) | 621 | 262 | 322 | 584 | 37 |
| Human Resources: | | | | | | | |
| Personnel services | 2,677 | 60 | 2,737 | 2,737 | - | 2,737 | - |
| Materials & supplies | 114 | - | 114 | 77 | 1 | 78 | 36 |
| Other services & charges | 1,059 | (100) | 959 | 617 | 291 | 908 | 51 |
| Continued | | | | | | | |

CITY OF TULSA
GENERAL FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)

Budgetary Level of Control
Year ended June 30, 2017
(amounts expressed in thousands)

| Continued | Appropriations | | | Actual | | Variance with Final Budget |
|---------------------------------------|--------------------|-----------------|------------------|------------------|-----------------|----------------------------------|
| | Original Budget | Revisions | Final Budget | Expenditures | Encumbrances | |
| General government, continued | | | | | | |
| Departments: | | | | | | |
| Information Technology: | | | | | | |
| Personnel services | 7,271 | (165) | 7,106 | 7,078 | - | 7,078 |
| Materials & supplies | 397 | (3) | 394 | 248 | 7 | 255 |
| Other services & charges | 3,602 | - | 3,602 | 2,774 | 742 | 3,516 |
| Communications: | | | | | | |
| Personnel services | 519 | 8 | 527 | 522 | - | 522 |
| Materials & supplies | 13 | - | 13 | 5 | - | 5 |
| Other services & charges | 21 | - | 21 | 10 | - | 10 |
| Customer Care: | | | | | | |
| Personnel services | 399 | (49) | 350 | 346 | - | 346 |
| Materials & supplies | 5 | - | 5 | 4 | - | 4 |
| Other services & charges | 18 | 49 | 67 | 62 | - | 62 |
| Human Rights Department: | | | | | | |
| Personnel services | 468 | (66) | 402 | 397 | - | 397 |
| Materials & supplies | 6 | - | 6 | 2 | - | 2 |
| Other services & charges | 16 | - | 16 | 7 | 3 | 10 |
| Asset Management: | | | | | | |
| Personnel services | 1,722 | 8 | 1,730 | 1,715 | - | 1,715 |
| Materials & supplies | 360 | - | 360 | 276 | 38 | 314 |
| Other services & charges | 2,022 | (8) | 2,014 | 1,798 | 191 | 1,989 |
| General Government: | | | | | | |
| Other services & charges | 3,197 | - | 3,197 | 1,777 | 493 | 2,270 |
| Indian Nations Council of Government: | | | | | | |
| Other services & charges | 951 | - | 951 | 951 | - | 951 |
| | \$ 40,959 | \$ (812) | \$ 40,147 | \$ 34,900 | \$ 3,119 | \$ 38,019 |
| Continued | | | | | | \$ 2,128 |

CITY OF TULSA
GENERAL FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Budgetary Level of Control
Year ended June 30, 2017
(amounts expressed in thousands)

| | Appropriations | | | Final Budget | Actual | | Variance with Final Budget |
|---|------------------|-----------------|------------------|------------------|---------------|------------------|----------------------------|
| | Original Budget | Revisions | | | Expenditures | Encumbrances | |
| Continued | | | | | | | |
| Public Works and Transportation | | | | | | | |
| Departments: | | | | | | | |
| Streets and Stormwater: | | | | | | | |
| Personnel services | \$ 5,028 | \$ (214) | \$ 4,814 | \$ 4,644 | \$ - | \$ 4,644 | \$ 170 |
| Materials & supplies | 717 | - | 717 | 582 | 92 | 674 | 43 |
| Other services & charges | 10,606 | (621) | 9,985 | 9,492 | 255 | 9,747 | 238 |
| Engineering: | | | | | | | |
| Personnel services | 3,102 | (200) | 2,902 | 2,885 | - | 2,885 | 17 |
| Materials & supplies | 44 | 10 | 54 | 30 | 7 | 37 | 17 |
| Other services & charges | 335 | (10) | 325 | 257 | 31 | 288 | 37 |
| | <u>19,832</u> | <u>(1,035)</u> | <u>18,797</u> | <u>17,890</u> | <u>385</u> | <u>18,275</u> | <u>522</u> |
| Social and Economic Development | | | | | | | |
| Mayor's Office of Economic Development: | | | | | | | |
| Personnel services | 402 | (28) | 374 | 370 | - | 370 | 4 |
| Materials & supplies | 8 | - | 8 | 6 | - | 6 | 2 |
| Other services & charges | 117 | - | 117 | 30 | 87 | 117 | - |
| Working in Neighborhoods: | | | | | | | |
| Personnel services | 3,235 | (73) | 3,162 | 3,137 | - | 3,137 | 25 |
| Materials & supplies | 293 | - | 293 | 250 | 40 | 290 | 3 |
| Other services & charges | 1,166 | 284 | 1,450 | 1,214 | 231 | 1,445 | 5 |
| Planning and Economic Development | | | | | | | |
| Personnel services | 5,792 | (395) | 5,397 | 5,371 | - | 5,371 | 26 |
| Materials & supplies | 69 | - | 69 | 29 | 32 | 61 | 8 |
| Other services & charges | 417 | (40) | 377 | 282 | 74 | 356 | 21 |
| | <u>\$ 11,499</u> | <u>\$ (252)</u> | <u>\$ 11,247</u> | <u>\$ 10,689</u> | <u>\$ 464</u> | <u>\$ 11,153</u> | <u>\$ 94</u> |

Continued

CITY OF TULSA
GENERAL FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 Budgetary Level of Control
 Year ended June 30, 2017
 (amounts expressed in thousands)

| Continued | Appropriations | | | Actual | | Variance with Final Budget |
|--|-------------------|-----------------|-------------------|-------------------|-----------------|----------------------------|
| | Original Budget | Revisions | Final Budget | Expenditures | Encumbrances | |
| Public Safety and Protection | | | | | | |
| Departments: | | | | | | |
| Municipal Court: | | | | | | |
| Personnel services | \$ 2,048 | \$ (92) | \$ 1,956 | \$ 1,954 | \$ - | \$ 1,954 |
| Materials & supplies | 26 | (9) | 17 | 16 | - | 16 |
| Other services & charges | 829 | 66 | 895 | 851 | 1 | 852 |
| Police: | | | | | | |
| Personnel services | 84,590 | 1,922 | 86,512 | 85,917 | - | 85,917 |
| Materials & supplies | 1,841 | (43) | 1,798 | 1,404 | 392 | 1,796 |
| Other services & charges | 7,263 | 43 | 7,306 | 6,883 | 410 | 7,293 |
| Fire: | | | | | | |
| Personnel services | 64,205 | 1,791 | 65,996 | 65,809 | - | 65,809 |
| Materials & supplies | 1,422 | 2 | 1,424 | 1,141 | 281 | 1,422 |
| Other services & charges | 3,550 | 143 | 3,693 | 3,652 | 38 | 3,690 |
| Agencies: | | | | | | |
| Tulsa Area Emergency Management Authority: | | | | | | |
| Other services & charges | 144 | - | 144 | 144 | - | 144 |
| | \$ 165,918 | \$ 3,823 | \$ 169,741 | \$ 167,771 | \$ 1,122 | \$ 168,893 |
| | | | | | | \$ 848 |

Continued

**CITY OF TULSA
GENERAL FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Budgetary Level of Control
Year ended June 30, 2017
(amounts expressed in thousands)**

| | Appropriations | | | Actual | | | Variance with Final Budget |
|--|--------------------|--------------|-----------------|---------------|--------------|---------------|----------------------------------|
| | Original Budget | Revisions | Final Budget | Expenditures | Encumbrances | Total | |
| Culture and Recreation | | | | | | | |
| Departments: | | | | | | | |
| Gilcrease Museum: | | | | | | | |
| Other services & charges | \$ 3,003 | \$ - | \$ 3,003 | \$ 3,003 | \$ - | \$ 3,003 | \$ - |
| Parks: | | | | | | | |
| Personnel services | 5,460 | (413) | 5,047 | 4,902 | - | 4,902 | 145 |
| Materials & supplies | 821 | 190 | 1,011 | 525 | 405 | 930 | 81 |
| Other services & charges | 9,404 | 33 | 9,437 | 9,039 | 380 | 9,419 | 18 |
| Convention & Performing Arts Centers: | | | | | | | |
| Personnel services | 1,494 | 25 | 1,519 | 1,511 | - | 1,511 | 8 |
| Materials & supplies | 61 | - | 61 | 43 | 1 | 44 | 17 |
| Other services & charges | 507 | (25) | 482 | 388 | 10 | 398 | 84 |
| Agencies: | | | | | | | |
| River Parks: | | | | | | | |
| Other services & charges | 639 | - | 639 | 639 | - | 639 | - |
| | <u>21,389</u> | <u>(190)</u> | <u>21,199</u> | <u>20,050</u> | <u>796</u> | <u>20,846</u> | <u>353</u> |
| Total expenditures and encumbrances | 259,597 | 1,534 | 261,131 | 251,300 | 5,886 | 257,186 | 3,945 |
| Operating transfers: | | | | | | | |
| Transfers to TPFA - OTC | 5,138 | - | 5,138 | 5,138 | - | 5,138 | - |
| Transfers to Whittier Square Improvement District | 10 | - | 10 | 10 | - | 10 | - |
| Transfers to Federal and State Grants Fund | 343 | - | 343 | 343 | - | 343 | - |
| Transfers to Golf Course Fund | 75 | - | 75 | 75 | - | 75 | - |
| Total transfers | 5,566 | - | 5,566 | 5,566 | - | 5,566 | - |
| Payments to component units: | | | | | | | |
| Transfers to MTTA | 7,344 | - | 7,344 | 7,344 | - | 7,344 | - |
| Total expenditures, encumbrances, and transfers | \$ 272,507 | \$ 1,534 | \$ 274,041 | \$ 264,210 | \$ 5,886 | \$ 270,096 | \$ 3,945 |

CITY OF TULSA
E-911 OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Budgetary Basis)
Year ended June 30, 2017
(amounts expressed in thousands)

| | Final Budget | Actual | Variance |
|--|--------------|---------------|---------------|
| Revenues | | | |
| Intergovernmental Revenue | \$ 10 | \$ - | \$ (10) |
| E-911 fees | 3,296 | 3,486 | 190 |
| Investment income | 5 | 5 | - |
| Miscellaneous | - | 1 | 1 |
| Total revenues | <u>3,311</u> | <u>3,492</u> | <u>181</u> |
| Expenditures | | | |
| Current: | | | |
| Streets and Stormwater: | | | |
| Other services and charges | - | - | - |
| Public Safety and Protection: | | | |
| Personnel services | 1,153 | 1,037 | 116 |
| Materials and supplies | 66 | 28 | 38 |
| Other services and charges | 2,113 | 1,900 | 213 |
| Capital outlay | 42 | - | 42 |
| Total expenditures | <u>3,374</u> | <u>2,965</u> | <u>409</u> |
| Excess of revenues over expenditures and encumbrances | <u>(63)</u> | <u>527</u> | <u>590</u> |
| Other financing sources: | | | |
| Transfers in | - | - | - |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (63) | 527 | 590 |
| Fund balances, beginning of year (budgetary basis) | 146 | 146 | - |
| Fund balances, end of year (budgetary basis) | <u>\$ 83</u> | <u>\$ 673</u> | <u>\$ 590</u> |

CITY OF TULSA
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Budgetary Basis)
Year ended June 30, 2017
(amounts expressed in thousands)

| | Final Budget | Actual | Variance |
|---|----------------|----------------|---------------|
| Revenues | | | |
| Hotel/Motel taxes | \$ 7,411 | \$ 7,159 | \$ (252) |
| Charge for services | 2,099 | 2,024 | (75) |
| Investment income | 20 | 18 | (2) |
| Miscellaneous | - | 1 | 1 |
| Total revenues | <u>9,530</u> | <u>9,202</u> | <u>(328)</u> |
| Expenditures | | | |
| Cultural Development and Recreation: | | | |
| Personnel services | 184 | 103 | (81) |
| Materials and supplies | 31 | 25 | (6) |
| Other services and charges | 541 | 515 | (26) |
| Capital outlay | 475 | 345 | (130) |
| Social and Economic Development: | | | |
| Personnel services | 54 | 52 | (2) |
| Materials and supplies | 5 | - | (5) |
| Other services and charges | 4,295 | 4,160 | (135) |
| Total expenditures and encumbrances | <u>5,585</u> | <u>5,200</u> | <u>(385)</u> |
| Deficiency of revenues over expenditures and encumbrances | <u>3,945</u> | <u>4,002</u> | <u>57</u> |
| Other financing sources: | | | |
| Transfers in | - | - | - |
| Transfers out | (4,639) | (4,564) | 75 |
| Total other financing sources | <u>(4,639)</u> | <u>(4,564)</u> | <u>75</u> |
| Net change in fund balances | <u>(694)</u> | <u>(562)</u> | <u>132</u> |
| Fund balances, beginning of year (budgetary basis) | <u>1,001</u> | <u>1,001</u> | <u>-</u> |
| Fund balances, end of year (budgetary basis) | <u>\$ 307</u> | <u>\$ 439</u> | <u>\$ 132</u> |

CITY OF TULSA
TULSA STADIUM IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Budgetary Basis)
Year ended June 30, 2017
(amounts expressed in thousands)

| | Final Budget | Actual | Variance |
|--|----------------|----------------|--------------|
| Revenues | | | |
| Special assessment tax | \$ 3,486 | \$ 3,383 | \$ (103) |
| Fines and forfeitures | - | 7 | 7 |
| Investment income | 16 | 16 | - |
| Miscellaneous | - | 3 | 3 |
| Total revenues | <u>3,502</u> | <u>3,409</u> | <u>(93)</u> |
| Expenditures | | | |
| Current: | | | |
| General government: | | | |
| Personnel services | 68 | 68 | - |
| Materials and supplies | 6 | - | 6 |
| Other services and charges | 10 | 4 | 6 |
| Social and economic development: | | | |
| Personnel services | 310 | 308 | 2 |
| Materials and supplies | 139 | 97 | 42 |
| Other services and charges | 821 | 798 | 23 |
| Capital outlay | 56 | 48 | 8 |
| Total expenditures | <u>1,410</u> | <u>1,323</u> | <u>87</u> |
| Excess of revenues over expenditures and encumbrances | <u>2,092</u> | <u>2,086</u> | <u>(6)</u> |
| Other financing uses: | | | |
| Transfers out | <u>(2,218)</u> | <u>(2,159)</u> | <u>59</u> |
| Net change in fund balances | (126) | (73) | 53 |
| Fund balances, beginning of year (budgetary basis) | <u>681</u> | <u>681</u> | <u>-</u> |
| Fund balances, end of year (budgetary basis) | <u>\$ 555</u> | <u>\$ 608</u> | <u>\$ 53</u> |

CITY OF TULSA
MEDICAL SERVICES PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Budgetary Basis)
Year ended June 30, 2017
(amounts expressed in thousands)

| | Final Budget | Actual | Variance |
|--|-----------------|-----------------|-------------------|
| Revenues | | | |
| Medical services fee | \$ 7,012 | \$ 6,850 | \$ 162 |
| Investment income | 13 | 37 | (24) |
| Total revenues | <u>7,025</u> | <u>6,887</u> | <u>138</u> |
| Expenditures | | | |
| Public Safety and Protection: | | | |
| Current: | | | |
| Personnel services | 245 | 230 | 15 |
| Materials and supplies | 225 | 225 | - |
| Other services and charges | 7,050 | 3,802 | 3,248 |
| Capital outlay | 20 | 20 | - |
| Total expenditures and encumbrances | <u>7,540</u> | <u>4,277</u> | <u>3,263</u> |
| Deficiency of revenues over expenditures and encumbrances | <u>(515)</u> | <u>2,610</u> | <u>(3,125)</u> |
| Other financing (uses): | | | |
| Transfers out | <u>(650)</u> | <u>(650)</u> | <u>-</u> |
| Net change in fund balances | (1,165) | 1,960 | (3,125) |
| Fund balances, beginning of year (budgetary basis) | <u>2,502</u> | <u>2,502</u> | <u>-</u> |
| Fund balances, end of year (budgetary basis) | <u>\$ 1,337</u> | <u>\$ 4,462</u> | <u>\$ (3,125)</u> |

CITY OF TULSA
PUBLIC SAFETY SALES TAX
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Budgetary Basis)
Year ended June 30, 2017
(amounts expressed in thousands)

| | Final Budget | Actual | Variance |
|--|-----------------|-----------------|-----------------|
| Revenues | | | |
| Sales tax | \$ 4,429 | \$ 4,161 | \$ 268 |
| Investment income | - | 7 | (7) |
| Total revenues | <u>4,429</u> | <u>4,168</u> | <u>261</u> |
| Expenditures | | | |
| Public Safety and Protection: | | | |
| Current: | | | |
| Personnel services | 674 | 315 | 359 |
| Materials and supplies | 413 | 370 | 43 |
| Other services and charges | 252 | 252 | - |
| Total expenditures and encumbrances | <u>1,339</u> | <u>937</u> | <u>402</u> |
| Deficiency of revenues over expenditures and encumbrances | <u>3,090</u> | <u>3,231</u> | <u>(141)</u> |
| Net change in fund balances | 3,090 | 3,231 | (141) |
| Fund balances, beginning of year (budgetary basis) | - | - | - |
| Fund balances, end of year (budgetary basis) | <u>\$ 3,090</u> | <u>\$ 3,231</u> | <u>\$ (141)</u> |

CITY OF TULSA
TRANSPORTATION SALES TAX
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Budgetary Basis)
Year ended June 30, 2017
(amounts expressed in thousands)


| | Final Budget | Actual | Variance |
|---|---------------|-----------------|-------------------|
| Revenues | | | |
| Sales tax | \$ 2,353 | \$ 2,211 | \$ 142 |
| Investment income | - | 4 | (4) |
| Total revenues | <u>2,353</u> | <u>2,215</u> | <u>138</u> |
| Expenditures | | | |
| Public Works and Transportation: | | | |
| Current: | | | |
| Personnel services | 533 | 282 | 251 |
| Materials and supplies | 138 | 131 | 7 |
| Other services and charges | 165 | 151 | 14 |
| Capital outlay | <u>1,376</u> | <u>-</u> | <u>1,376</u> |
| Total expenditures and encumbrances | <u>2,212</u> | <u>564</u> | <u>1,648</u> |
| Deficiency of revenues over expenditures and encumbrances | <u>141</u> | <u>1,651</u> | <u>(1,510)</u> |
| Net change in fund balances | 141 | 1,651 | (1,510) |
| Fund balances, beginning of year (budgetary basis) | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances, end of year (budgetary basis) | <u>\$ 141</u> | <u>\$ 1,651</u> | <u>\$ (1,510)</u> |

SECTION 2 (CONT'D)

INTERNAL SERVICE FUNDS



WINTER **BOK** FEST



Internal Service Funds—are used to account for the financing of goods or services provided by one department or agency to another department or agency of the City or to other government units on a cost-reimbursement basis.

- Employee Insurance Fund—Accounts for the costs of employee insurance plans for City employees and the related charges to user departments.
- Workers Compensation Fund—Accounts for the costs of employee workers compensation claims for City employees and the related charges to user departments.
- Tulsa Public Facilities Authority—Accounts for the financing of acquisition and construction of certain facilities and public improvements in and for the City.
- Office Services—Used to manage the City's postage, printing and reproduction costs and subsequent charges to user departments for associated services.
- Equipment Management Fund—Used to account for the centralized maintenance program for City vehicles and a rate structure for charges to user departments.

CITY OF TULSA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2017
(amounts expressed in thousands)

| | Employee Insurance | Workers' Compensation | Tulsa Public Facilities Authority | Office Services | Equipment Management | Total |
|---|-----------------------|--------------------------|---|--------------------|-------------------------|-----------|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 1,611 | \$ 15,019 | \$ 9 | \$ 280 | \$ 762 | \$ 17,681 |
| Cash and cash equivalents - restricted | - | - | 393 | - | - | 393 |
| Receivables, net | 561 | 43 | 4 | 1 | 10 | 619 |
| Inventories, net | - | - | - | - | 898 | 898 |
| Advances to component unit | - | - | 1,082 | - | - | 1,082 |
| | 2,172 | 15,062 | 1,488 | 281 | 1,670 | 20,673 |
| Noncurrent assets: | | | | | | |
| Cash and cash equivalents, restricted | - | - | 31 | - | - | 31 |
| Investments, restricted | - | - | 1,066 | - | - | 1,066 |
| Advances to component unit | - | - | 1,899 | - | - | 1,899 |
| Nondepreciable capital assets | - | - | 4,500 | - | 320 | 4,820 |
| Capital assets, net | - | 69 | - | - | 6,391 | 6,460 |
| | - | 69 | 7,496 | - | 6,711 | 14,276 |
| Total assets | 2,172 | 15,131 | 8,984 | 281 | 8,381 | 34,949 |
| DEFERRED OUTFLOW OF RESOURCES | | | | | | |
| Pension related items | 73 | - | - | - | 1,210 | 1,283 |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable and accrued liabilities | 474 | 175 | 45 | 107 | 591 | 1,392 |
| Current portion of long-term liabilities | - | - | 1,395 | - | 287 | 1,682 |
| Workers compensation claims | - | 3,757 | - | - | - | 3,757 |
| | 474 | 3,932 | 1,440 | 107 | 878 | 6,831 |
| Noncurrent liabilities: | | | | | | |
| Long-term liabilities | 90 | - | 3,037 | - | 6,179 | 9,306 |
| Workers compensation claims | - | 8,390 | - | - | - | 8,390 |
| Advances from other funds | - | - | - | 146 | - | 146 |
| | 90 | 8,390 | 3,037 | 146 | 6,179 | 17,842 |
| Total liabilities | 564 | 12,322 | 4,477 | 253 | 7,057 | 24,673 |
| DEFERRED INFLOW OF RESOURCES | | | | | | |
| Pension related items | 10 | - | - | - | 644 | 654 |
| Total deferred inflow of resources | 10 | - | - | - | 644 | 654 |
| NET POSITION | | | | | | |
| Investment in capital assets | - | 69 | 4,500 | - | 6,711 | 11,280 |
| Unrestricted | 1,671 | 2,740 | 7 | 28 | (4,821) | (375) |
| Total net position | \$ 1,671 | \$ 2,809 | \$ 4,507 | \$ 28 | \$ 1,890 | \$ 10,905 |

CITY OF TULSA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year ended June 30, 2017
(amounts expressed in thousands)

| | Employee Insurance | Workers' Compensation | Tulsa Public Facilities Authority | Office Services | Equipment Management | Total |
|---|-----------------------|--------------------------|---|--------------------|-------------------------|------------------|
| Operating revenues | | | | | | |
| Charges for services | \$ - | \$ - | \$ - | \$ 1,362 | \$ 13,314 | \$ 14,676 |
| Insurance premiums | 23,684 | - | - | - | - | 23,684 |
| Workers compensation premiums | - | 5,540 | - | - | - | 5,540 |
| Other | - | - | 113 | - | 23 | 136 |
| | <u>23,684</u> | <u>5,540</u> | <u>113</u> | <u>1,362</u> | <u>13,337</u> | <u>44,036</u> |
| Operating expenses | | | | | | |
| Salaries and wages | 92 | - | - | - | 4,850 | 4,942 |
| Materials and supplies | - | - | - | - | 7,381 | 7,381 |
| Services and charges | 1,162 | - | 106 | 1,337 | 1,979 | 4,584 |
| Workers compensation claims | - | 4,945 | - | - | - | 4,945 |
| Insurance claims and premiums | 22,766 | - | - | - | - | 22,766 |
| Depreciation and amortization | - | 25 | - | - | 424 | 449 |
| | <u>24,020</u> | <u>4,970</u> | <u>106</u> | <u>1,337</u> | <u>14,634</u> | <u>45,067</u> |
| Operating income (loss) | (336) | 570 | 7 | 25 | (1,297) | (1,031) |
| Nonoperating revenues | | | | | | |
| Investment income | 7 | 11 | - | - | 9 | 27 |
| Gain on sale of equipment | - | - | - | - | 23 | 23 |
| | <u>7</u> | <u>11</u> | <u>-</u> | <u>-</u> | <u>32</u> | <u>50</u> |
| Income (loss) before capital contributions and transfers | | | | | | |
| | (329) | 581 | 7 | 25 | (1,265) | (981) |
| Transfers in | 2,000 | - | - | - | 1,978 | 3,978 |
| Transfers out | - | (2,000) | - | - | - | (2,000) |
| | <u>2,000</u> | <u>(2,000)</u> | <u>-</u> | <u>-</u> | <u>1,978</u> | <u>1,978</u> |
| Change in net position | 1,671 | (1,419) | 7 | 25 | 713 | 997 |
| Net position - beginning of year | - | 4,228 | 4,500 | 3 | 1,177 | 9,908 |
| Net position - end of year | <u>\$ 1,671</u> | <u>\$ 2,809</u> | <u>\$ 4,507</u> | <u>\$ 28</u> | <u>\$ 1,890</u> | <u>\$ 10,905</u> |

CITY OF TULSA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year ended June 30, 2017
(amounts expressed in thousands)


| | Employee Insurance | Workers' Compensation | Tulsa Public Facilities Authority | Office Services | Equipment Management | Total |
|---|-----------------------|--------------------------|---|--------------------|-------------------------|-----------|
| Cash flows from operating activities: | | | | | | |
| Receipts from customers | \$ 23,137 | \$ 6,548 | \$ 1,597 | \$ 1,362 | \$ 13,336 | \$ 45,980 |
| Payments to suppliers | (23,531) | (3,262) | (1,594) | (1,380) | (9,520) | (39,287) |
| Payments to employees | - | - | - | - | (4,589) | (4,589) |
| Net cash provided (used) by operating activities | (394) | 3,286 | 3 | (18) | (773) | 2,104 |
| Cash flows from noncapital financing activities: | | | | | | |
| Transfers from other funds | 2,000 | - | - | - | - | 2,000 |
| Transfers to other funds | - | (2,000) | - | - | - | (2,000) |
| Net cash provided (used) by noncapital financing activities | 2,000 | (2,000) | - | - | - | - |
| Cash flows from capital and related financing activities: | | | | | | |
| Acquisition and construction of capital assets | - | - | - | - | (1,886) | (1,886) |
| Proceeds from disposition of capital assets | - | - | - | - | 22 | 22 |
| Transfers from other funds for capital additions | - | - | - | - | 1,978 | 1,978 |
| Net cash provided by capital and related financing activities | - | - | - | - | 114 | 114 |
| Cash flows from investing activities: | | | | | | |
| Interest earned | 5 | 2 | - | (1) | 10 | 16 |
| Net cash provided (used) by investing activities | 5 | 2 | - | (1) | 10 | 16 |
| Net increase (decrease) in cash and cash equivalents | 1,611 | 1,288 | 3 | (19) | (649) | 2,234 |
| Cash and cash equivalents, beginning of year | - | 13,731 | 430 | 299 | 1,411 | 15,871 |
| Cash and cash equivalents, end of year | \$ 1,611 | \$ 15,019 | \$ 433 | \$ 280 | \$ 762 | \$ 18,105 |
| Reconciliation of cash and cash equivalents to the Statement of Net Position | | | | | | |
| Unrestricted cash and cash equivalents | 1,611 | 15,019 | 9 | 280 | 762 | 17,681 |
| Restricted cash and cash equivalents | - | - | 424 | - | - | 424 |
| Total cash and cash equivalents | \$ 1,611 | \$ 15,019 | \$ 433 | \$ 280 | \$ 762 | \$ 18,105 |
| Reconciliation of operating income (loss) to cash provided (used) by operating activities: | | | | | | |
| Operating income (loss) | (336) | 570 | 7 | 25 | (1,297) | (1,031) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | | |
| Depreciation and amortization | - | 25 | - | - | 424 | 449 |
| Decrease (increase) in accounts receivable and other assets | (559) | 1,308 | 1,483 | - | (101) | 2,131 |
| (Increase) decrease in deferred outflows pensions | (73) | - | - | - | 710 | 637 |
| Increase (decrease) in accounts payable and other liabilities | 474 | 1,383 | (1,487) | (43) | 7 | 334 |
| Increase (decrease) in deferred inflows | 10 | - | - | - | (262) | (252) |
| Increase (decrease) in net pension liability | 90 | - | - | - | (254) | (164) |
| Net cash provided (used) by operating activities | \$ (394) | \$ 3,286 | \$ 3 | \$ (18) | \$ (773) | \$ 2,104 |
| Non-cash transactions: | | | | | | |
| Appreciation of fair value of investments | \$ - | \$ - | \$ (11) | \$ (1) | \$ 6 | \$ (6) |

SECTION 2 (CONT'D)

FIDUCIARY FUNDS



TAYLOR **BOK** SWIFT



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

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

CITY OF TULSA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
Year ended June 30, 2017
(amounts expressed in thousands)

| | Balance June 30, 2016 | Additions | Deletions | Balance June 30, 2017 |
|---------------------------------|--------------------------|-------------------|-------------------|--------------------------|
| Municipal Court Bonds | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 257 | \$ 160 | \$ 145 | \$ 272 |
| Total assets | <u>\$ 257</u> | <u>\$ 160</u> | <u>\$ 145</u> | <u>\$ 272</u> |
| Liabilities: | | | | |
| Deposits payable | 257 | 160 | 145 | 272 |
| Total liabilities | <u>\$ 257</u> | <u>\$ 160</u> | <u>\$ 145</u> | <u>\$ 272</u> |
| Escrow Fund | | | | |
| Assets: | | | | |
| Cash and cash equivalents | 2,449 | 8,916 | 9,172 | 2,193 |
| Total assets | <u>\$ 2,449</u> | <u>\$ 8,916</u> | <u>\$ 9,172</u> | <u>\$ 2,193</u> |
| Liabilities: | | | | |
| Deposits payable | 2,449 | 8,916 | 9,172 | 2,193 |
| Total liabilities | <u>\$ 2,449</u> | <u>\$ 8,916</u> | <u>\$ 9,172</u> | <u>\$ 2,193</u> |
| Police Property Room | | | | |
| Assets: | | | | |
| Cash and cash equivalents | 1,777 | 1,000 | 734 | 2,043 |
| Total assets | <u>\$ 1,777</u> | <u>\$ 1,000</u> | <u>\$ 734</u> | <u>\$ 2,043</u> |
| Liabilities: | | | | |
| Accrued liabilities | 1,777 | 1,000 | 734 | 2,043 |
| Total liabilities | <u>\$ 1,777</u> | <u>\$ 1,000</u> | <u>\$ 734</u> | <u>\$ 2,043</u> |
| Payroll Withholding | | | | |
| Assets: | | | | |
| Cash and cash equivalents | 62 | 331,963 | 331,137 | 888 |
| Total assets | <u>\$ 62</u> | <u>\$ 331,963</u> | <u>\$ 331,137</u> | <u>\$ 888</u> |
| Liabilities: | | | | |
| Accrued liabilities | 62 | 331,963 | 331,137 | 888 |
| Total liabilities | <u>\$ 62</u> | <u>\$ 331,963</u> | <u>\$ 331,137</u> | <u>\$ 888</u> |
| Unclaimed Property | | | | |
| Assets: | | | | |
| Cash and cash equivalents | 765 | - | 1 | 764 |
| Total assets | <u>\$ 765</u> | <u>\$ -</u> | <u>\$ 1</u> | <u>\$ 764</u> |
| Liabilities: | | | | |
| Accrued liabilities | 765 | - | 1 | 764 |
| Total liabilities | <u>\$ 765</u> | <u>\$ -</u> | <u>\$ 1</u> | <u>\$ 764</u> |
| PAC Ticket Office Escrow | | | | |
| Assets: | | | | |
| Cash and cash equivalents | 267 | 10,592 | 9,695 | 1,164 |
| Total assets | <u>\$ 267</u> | <u>\$ 10,592</u> | <u>\$ 9,695</u> | <u>\$ 1,164</u> |
| Liabilities: | | | | |
| Deposits payable | 267 | 10,592 | 9,695 | 1,164 |
| Total liabilities | <u>\$ 267</u> | <u>\$ 10,592</u> | <u>\$ 9,695</u> | <u>\$ 1,164</u> |
| Total Agency Funds | | | | |
| Assets: | | | | |
| Cash and cash equivalents | 5,577 | 352,631 | 350,884 | 7,324 |
| Total assets | <u>\$ 5,577</u> | <u>\$ 352,631</u> | <u>\$ 350,884</u> | <u>\$ 7,324</u> |
| Liabilities: | | | | |
| Accrued liabilities | 2,604 | 332,963 | 331,872 | 3,695 |
| Deposits payable | 2,973 | 19,668 | 19,012 | 3,629 |
| Total liabilities | <u>\$ 5,577</u> | <u>\$ 352,631</u> | <u>\$ 350,884</u> | <u>\$ 7,324</u> |

SECTION 2 (CONT'D)

DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS



PROFESSION **BOK** BULL RIDING



DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS

—are presented separately from blended component units to emphasize that they are legally separate from the City, but are a part of the City's reporting entity.

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

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

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

DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS

- Statement of Net Position

CITY OF TULSA
STATEMENT OF NET POSITION
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
June 30, 2017
(amounts expressed in thousands)

| | Tulsa Development Authority | Metropolitan Tulsa Transit Authority | Tulsa Industrial Authority | Tulsa Parking Authority | Tulsa Performing Arts Center Trust | Total Nonmajor Component Units |
|--|-----------------------------------|---|----------------------------------|-------------------------------|---|---|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 3,515 | \$ 1,449 | \$ 13 | \$ 4,417 | \$ 650 | \$ 10,044 |
| Cash and cash equivalents - restricted | 13,184 | 214 | - | 2,347 | - | 15,745 |
| Investments | - | - | 786 | 997 | 1,841 | 3,624 |
| Receivables, net | 103 | 1,481 | 20 | 119 | 15 | 1,738 |
| Inventories, net | - | 683 | - | - | - | 683 |
| Other current assets | 4 | 149 | 29 | 534 | - | 716 |
| | <u>16,806</u> | <u>3,976</u> | <u>848</u> | <u>8,414</u> | <u>2,506</u> | <u>32,550</u> |
| Noncurrent assets: | | | | | | |
| Cash and cash equivalents - restricted | 511 | 1,367 | - | 1,119 | - | 2,997 |
| Investments | - | - | - | - | 502 | 502 |
| Receivables, net | 20,164 | - | - | - | - | 20,164 |
| Land held for resale, net | 591 | - | - | - | - | 591 |
| Nondepreciable capital assets | 35 | 2,816 | - | 9,348 | 1,495 | 13,694 |
| Depreciable capital assets, net | 267 | 22,095 | 11,709 | 16,907 | 66 | 51,044 |
| | <u>21,568</u> | <u>26,278</u> | <u>11,709</u> | <u>27,374</u> | <u>2,063</u> | <u>88,992</u> |
| Total assets | <u>38,374</u> | <u>30,254</u> | <u>12,557</u> | <u>35,788</u> | <u>4,569</u> | <u>121,542</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | | | | |
| Deferred charge on refunding | - | - | - | 393 | - | 393 |
| Pension related items | - | 2,732 | - | - | - | 2,732 |
| Total deferred outflow of resources | <u>-</u> | <u>2,732</u> | <u>-</u> | <u>393</u> | <u>-</u> | <u>3,125</u> |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable and accrued liabilities | 118 | 2,575 | 17 | 188 | 22 | 2,920 |
| Unearned revenue | - | - | 29 | 84 | - | 113 |
| Current portion of long-term liabilities | 8 | 80 | - | 1,855 | - | 1,943 |
| | <u>126</u> | <u>2,655</u> | <u>46</u> | <u>2,127</u> | <u>22</u> | <u>4,976</u> |
| Noncurrent liabilities: | | | | | | |
| Advances from primary government | - | 326 | - | - | - | 326 |
| Deposits subject to refund | 415 | - | - | 4 | - | 419 |
| Long-term liabilities, net | 86 | 11,339 | - | 9,460 | - | 20,885 |
| | <u>501</u> | <u>11,665</u> | <u>-</u> | <u>9,464</u> | <u>-</u> | <u>21,630</u> |
| Total liabilities | <u>627</u> | <u>14,320</u> | <u>46</u> | <u>11,591</u> | <u>22</u> | <u>26,606</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Pension related items | - | 1,601 | - | - | - | 1,601 |
| Property tax revenue | 15 | - | - | - | - | 15 |
| Total deferred inflow of resources | <u>15</u> | <u>1,601</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,616</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 302 | 24,911 | 11,709 | 17,743 | 1,561 | 56,226 |
| Restricted for: | | | | | | |
| Debt service | - | - | - | 2,239 | - | 2,239 |
| Capital projects | 11,936 | 1,367 | - | - | - | 13,303 |
| Other purposes | 19,978 | 214 | - | - | - | 20,192 |
| Unrestricted | <u>5,516</u> | <u>(9,427)</u> | <u>802</u> | <u>4,608</u> | <u>2,986</u> | <u>4,485</u> |
| Total net position | <u>\$ 37,732</u> | <u>\$ 17,065</u> | <u>\$ 12,511</u> | <u>\$ 24,590</u> | <u>\$ 4,547</u> | <u>\$ 96,445</u> |

CITY OF TULSA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
Year ended June 30, 2017
(amounts expressed in thousands)

| | Tulsa Development Authority | Metropolitan Tulsa Transit Authority | Tulsa Industrial Authority | Tulsa Parking Authority | Tulsa Performing Arts Center Trust | Total Nonmajor Component Units |
|--|-----------------------------------|---|----------------------------------|-------------------------------|---|---|
| Operating revenues | | | | | | |
| Property rentals | \$ 115 | \$ - | \$ 116 | \$ 231 | \$ - | \$ 462 |
| Parking revenues | - | - | - | 7,239 | 344 | 7,583 |
| Transit services | - | 3,217 | - | - | - | 3,217 |
| Event revenues | - | - | - | - | 34 | 34 |
| Other income | 203 | 46 | 20 | - | - | 269 |
| | <u>318</u> | <u>3,263</u> | <u>136</u> | <u>7,470</u> | <u>378</u> | <u>11,565</u> |
| Operating expenses | | | | | | |
| Salaries and wages | 324 | 12,272 | 89 | - | - | 12,685 |
| Materials and supplies | 5 | 1,945 | - | - | - | 1,950 |
| Other services and charges | 699 | 5,151 | 173 | 3,609 | 475 | 10,107 |
| Depreciation | 15 | 3,637 | 339 | 869 | 9 | 4,869 |
| | <u>1,043</u> | <u>23,005</u> | <u>601</u> | <u>4,478</u> | <u>484</u> | <u>29,611</u> |
| Operating income (loss) | <u>(725)</u> | <u>(19,742)</u> | <u>(465)</u> | <u>2,992</u> | <u>(106)</u> | <u>(18,046)</u> |
| Investment income (loss) | 59 | 4 | 1 | 22 | 244 | 330 |
| Interest and amortization expense | - | - | - | (367) | - | (367) |
| Sales taxes | 122 | - | - | - | - | 122 |
| Property taxes | 1,165 | - | - | - | - | 1,165 |
| Federal and state operating grant revenues | - | 7,276 | - | - | - | 7,276 |
| Contributions | - | - | - | - | 92 | 92 |
| Payments from primary government | 255 | 7,444 | - | - | - | 7,699 |
| Payments to primary government | (237) | - | - | - | - | (237) |
| Other, net | - | 76 | - | - | - | 76 |
| | <u>1,364</u> | <u>14,800</u> | <u>1</u> | <u>(345)</u> | <u>336</u> | <u>16,156</u> |
| Income (loss) before capital contributions and grants | <u>639</u> | <u>(4,942)</u> | <u>(464)</u> | <u>2,647</u> | <u>230</u> | <u>(1,890)</u> |
| Federal and state capital grant revenues | - | 1,249 | - | - | - | 1,249 |
| Capital contributions to primary government | (745) | - | - | - | - | (745) |
| Capital contributions from primary government | - | 6,806 | - | - | - | 6,806 |
| Change in net position | <u>(106)</u> | <u>3,113</u> | <u>(464)</u> | <u>2,647</u> | <u>230</u> | <u>5,420</u> |
| Net position, beginning of year | <u>37,838</u> | <u>13,952</u> | <u>12,975</u> | <u>21,943</u> | <u>4,317</u> | <u>91,025</u> |
| Net position, end of year | <u>\$ 37,732</u> | <u>\$ 17,065</u> | <u>\$ 12,511</u> | <u>\$ 24,590</u> | <u>\$ 4,547</u> | <u>\$ 96,445</u> |

CITY OF TULSA
STATEMENT OF NET POSITION
TULSA METROPOLITAN UTILITY AUTHORITY - COMBINING FUND FINANCIAL STATEMENTS
June 30, 2017
(amounts expressed in thousands)

| | Sewer Fund | Water Fund | Total |
|---|-------------------|-------------------|---------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 56,262 | \$ 95,399 | \$ 151,661 |
| Cash and cash equivalents - restricted | 7,097 | 17,249 | 24,346 |
| Receivables, net | 15,543 | 17,241 | 32,784 |
| Inventories, net | 319 | 1,642 | 1,961 |
| | <u>79,221</u> | <u>131,531</u> | <u>210,752</u> |
| Cash and cash equivalents - restricted | 36,158 | 28,075 | 64,233 |
| Investments - restricted | 9,194 | 8,407 | 17,601 |
| Advances to primary government | 12 | - | 12 |
| Investment in joint venture | 19,674 | - | 19,674 |
| Receivables, net | 55 | 46 | 101 |
| Nondepreciable capital assets | 46,631 | 61,537 | 108,168 |
| Depreciable capital assets, net | 631,322 | 514,548 | 1,145,870 |
| | <u>743,046</u> | <u>612,613</u> | <u>1,355,659</u> |
| Total assets | <u>822,267</u> | <u>744,144</u> | <u>1,566,411</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred charge on refunding | 467 | 2,538 | 3,005 |
| Pension related items | 5,413 | 6,316 | 11,729 |
| Total deferred outflows of resources | <u>5,880</u> | <u>8,854</u> | <u>14,734</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 10,465 | 9,914 | 20,379 |
| Current portion of long-term liabilities | 21,969 | 12,494 | 34,463 |
| Deposits subject to refund - restricted | 541 | 10,070 | 10,611 |
| | <u>32,975</u> | <u>32,478</u> | <u>65,453</u> |
| Noncurrent liabilities: | | | |
| Long-term liabilities | 279,206 | 171,311 | 450,517 |
| | <u>279,206</u> | <u>171,311</u> | <u>450,517</u> |
| Total liabilities | <u>312,181</u> | <u>203,789</u> | <u>515,970</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred gain on refunding | 69 | - | 69 |
| Pension related items | 3,093 | 3,738 | 6,831 |
| Property tax revenue | 2,337 | - | 2,337 |
| Total deferred inflows of resources | <u>5,499</u> | <u>3,738</u> | <u>9,237</u> |
| NET POSITION | | | |
| Net investment in capital assets | 444,650 | 464,117 | 908,767 |
| Restricted for: | | | |
| Debt service | 7,246 | 5,899 | 13,145 |
| Unrestricted | <u>58,571</u> | <u>75,455</u> | <u>134,026</u> |
| Total net position | <u>\$ 510,467</u> | <u>\$ 545,471</u> | <u>\$ 1,055,938</u> |

CITY OF TULSA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
TULSA METROPOLITAN UTILITY AUTHORITY - COMBINING FUND FINANCIAL STATEMENTS
Year ended June 30, 2017
(amounts expressed in thousands)

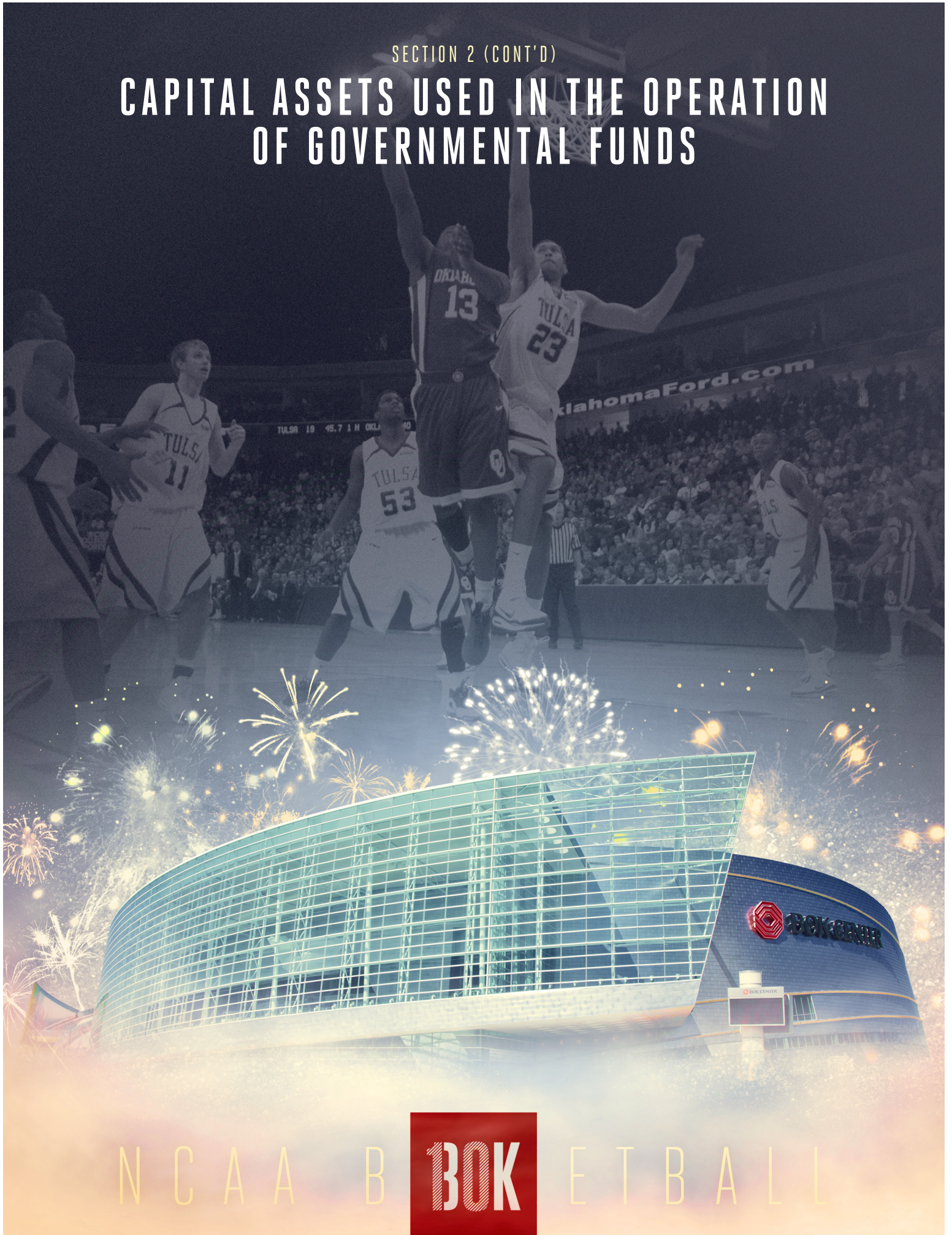
| | Sewer Fund | Water Fund | Total |
|---|-----------------------|-----------------------|---------------------|
| Operating revenues | | | |
| Water and sewer services | \$ 103,642 | \$ 123,050 | \$ 226,692 |
| Operating expenses | | | |
| Salaries and wages | 23,809 | 27,848 | 51,657 |
| Materials and supplies | 4,635 | 7,297 | 11,932 |
| Other services and charges | 18,692 | 23,576 | 42,268 |
| Depreciation | 20,128 | 18,913 | 39,041 |
| | <u>67,264</u> | <u>77,634</u> | <u>144,898</u> |
| Operating income | <u>36,378</u> | <u>45,416</u> | <u>81,794</u> |
| Nonoperating revenues (expenses) | | | |
| Investment income | 155 | 171 | 326 |
| Interest and amortization expense | (6,354) | (3,339) | (9,693) |
| Property taxes | 3,674 | - | 3,674 |
| Payments to primary government | (6,005) | (7,022) | (13,027) |
| Other, net | 160 | 255 | 415 |
| | <u>(8,370)</u> | <u>(9,935)</u> | <u>(18,305)</u> |
| Income before capital contributions | 28,008 | 35,481 | 63,489 |
| Capital contributions | 9,316 | 3,674 | 12,990 |
| Capital contributions - primary government | 303 | - | 303 |
| | <u>9,619</u> | <u>3,674</u> | <u>13,293</u> |
| Change in net position | 37,627 | 39,155 | 76,782 |
| Net position, beginning of year | <u>472,840</u> | <u>506,316</u> | <u>979,156</u> |
| Net position, end of year | <u>\$ 510,467</u> | <u>\$ 545,471</u> | <u>\$ 1,055,938</u> |

CITY OF TULSA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
Year ended June 30, 2017
(amounts expressed in thousands)

| | Tulsa Metropolitan Utility Authority | Tulsa Authority for Recovery of Energy | Tulsa Airports | Other Component Units | Total Component Units |
|--|---|---|-------------------|-----------------------------|-----------------------------|
| Operating revenues | | | | | |
| Water and sewer services | \$ 226,692 | \$ - | \$ - | \$ - | \$ 226,692 |
| Refuse services | - | 27,141 | - | - | 27,141 |
| Property rentals | - | - | 25,674 | 462 | 26,136 |
| Parking revenues | - | - | 8,111 | 7,583 | 15,694 |
| Transit services | - | - | - | 3,217 | 3,217 |
| Event revenues | - | - | - | 34 | 34 |
| Other income | - | - | - | 269 | 269 |
| | <u>226,692</u> | <u>27,141</u> | <u>33,785</u> | <u>11,565</u> | <u>299,183</u> |
| Operating expenses | | | | | |
| Salaries and wages | 51,657 | 4,154 | 10,692 | 12,685 | 79,188 |
| Materials and supplies | 11,932 | - | 1,279 | 1,950 | 15,161 |
| Other services and charges | 42,268 | 17,086 | 10,337 | 10,107 | 79,798 |
| Depreciation | 39,041 | 1,932 | 16,297 | 4,869 | 62,139 |
| | <u>144,898</u> | <u>23,172</u> | <u>38,605</u> | <u>29,611</u> | <u>236,286</u> |
| Operating income (loss) | <u>81,794</u> | <u>3,969</u> | <u>(4,820)</u> | <u>(18,046)</u> | <u>62,897</u> |
| Investment income | 326 | 14 | 52 | 330 | 722 |
| Interest and amortization expense | (9,693) | - | (9,738) | (367) | (19,798) |
| Sales taxes | - | - | - | 122 | 122 |
| Property taxes | 3,674 | - | - | 1,165 | 4,839 |
| Federal and state grant revenues | - | - | 8,426 | 7,276 | 15,702 |
| Contributions | - | - | - | 92 | 92 |
| Payments from primary government | - | - | - | 7,699 | 7,699 |
| Payments to primary government | (13,027) | (1,582) | - | (237) | (14,846) |
| Gain on disposition of capital assets | 415 | 83 | - | - | 498 |
| Other, net | - | (99) | (425) | 76 | (448) |
| | <u>(18,305)</u> | <u>(1,584)</u> | <u>(1,685)</u> | <u>16,156</u> | <u>(5,418)</u> |
| Income (loss) before capital contributions and grants | <u>63,489</u> | <u>2,385</u> | <u>(6,505)</u> | <u>(1,890)</u> | <u>57,479</u> |
| Federal and state capital grant revenues | - | - | 5,174 | 1,249 | 6,423 |
| Capital contributions | 12,990 | - | - | - | 12,990 |
| Capital contributions to primary government | - | - | - | (745) | (745) |
| Capital contributions from primary government | 303 | 7 | - | 6,806 | 7,116 |
| | <u>13,293</u> | <u>7</u> | <u>5,174</u> | <u>7,310</u> | <u>25,784</u> |
| Change in net position | <u>76,782</u> | <u>2,392</u> | <u>(1,331)</u> | <u>5,420</u> | <u>83,263</u> |
| Net position - beginning of year | 979,156 | 19,472 | 271,853 | 91,025 | 1,361,506 |
| Net position - end of year | <u>\$ 1,055,938</u> | <u>\$ 21,864</u> | <u>\$ 270,522</u> | <u>\$ 96,445</u> | <u>\$ 1,444,769</u> |

SECTION 2 (CONT'D)

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS



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CITY OF TULSA
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE
June 30, 2017 and 2016
(amounts expressed in thousands)

| | 2017 | 2016 |
|--|---------------------|---------------------|
| Governmental funds capital assets | | |
| Land | \$ 530,075 | \$ 527,570 |
| Buildings | 219,939 | 194,600 |
| Improvements other than buildings | 83,656 | 84,576 |
| Machinery and equipment | 199,129 | 191,459 |
| Infrastructure | 3,353,915 | 3,250,887 |
| Construction in progress | 176,134 | 179,881 |
| Total governmental funds capital assets | <u>\$ 4,562,848</u> | <u>\$ 4,428,973</u> |
| Investments in governmental funds capital assets by source | | |
| General fund | 7,448 | 7,299 |
| Special revenue funds | 289,607 | 287,320 |
| Capital projects funds | 3,809,087 | 3,705,151 |
| Donations | 456,706 | 429,203 |
| Total governmental funds capital assets | <u>\$ 4,562,848</u> | <u>\$ 4,428,973</u> |

CITY OF TULSA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
Schedule of Changes by Function and Activity
Year ended June 30, 2017
(amounts expressed in thousands)

| Function and Activity | Governmental Funds Capital Assets July 1, 2016 | Additions | Deductions | Governmental Funds Capital Assets June 30, 2017 |
|---|---|-------------------|---------------------|--|
| <i>General Government</i> | | | | |
| Mayor | \$ 6 | \$ - | \$ - | \$ 6 |
| Finance | 1,129 | - | (18) | 1,111 |
| Legal | 103 | - | - | 103 |
| Human Resources | 403 | 40 | - | 443 |
| Communications | 21 | - | - | 21 |
| Equipment Management | 312 | 1,416 | - | 1,728 |
| City Council | 653 | - | - | 653 |
| General Government | 22,619 | - | - | 22,619 |
| | <u>25,246</u> | <u>1,456</u> | <u>(18)</u> | <u>26,684</u> |
| <i>Public Works & Transportation</i> | 4,041,058 | 245,135 | (143,703) | 4,142,490 |
| <i>Public Safety & Protection</i> | | | | |
| Police | 77,650 | 4,874 | (2,228) | 80,296 |
| Fire | 67,314 | 1,389 | (562) | 68,141 |
| Municipal Court | 64 | 25 | (23) | 66 |
| Telecommunications | 42,669 | 8,014 | (1,272) | 49,411 |
| | <u>187,697</u> | <u>14,302</u> | <u>(4,085)</u> | <u>197,914</u> |
| <i>Social & Economic Development</i> | | | | |
| Human Rights | 44 | - | - | 44 |
| WIN | 2,956 | 200 | (114) | 3,042 |
| Planning | 31 | - | (31) | - |
| Development Services | 1,241 | 74 | (81) | 1,234 |
| Economic Development | 960 | - | (960) | - |
| | <u>5,232</u> | <u>274</u> | <u>(1,186)</u> | <u>4,320</u> |
| <i>Cultural Development & Recreation</i> | | | | |
| Gilcrease | 19,738 | 1,111 | (19) | 20,830 |
| Parks | 124,065 | 20,452 | (236) | 144,281 |
| Public Events and PAC | 25,937 | 392 | - | 26,329 |
| | <u>169,740</u> | <u>21,955</u> | <u>(255)</u> | <u>191,440</u> |
| Total Governmental funds capital assets | <u>\$ 4,428,973</u> | <u>\$ 283,122</u> | <u>\$ (149,247)</u> | <u>\$ 4,562,848</u> |

CITY OF TULSA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2017
(amounts expressed in thousands)

| Function and Activity | Land | Buildings | Improvements Other than Buildings | Machinery and Equipment | Infrastructure | Construction in Progress | Total |
|--|------------|------------|-----------------------------------|-------------------------|----------------|--------------------------|--------------|
| General Government | | | | | | | |
| Mayor | \$ - | \$ - | \$ - | \$ 6 | \$ - | \$ - | \$ 6 |
| Finance | 150 | - | - | 961 | - | - | 1,111 |
| Legal | - | - | - | 103 | - | - | 103 |
| Human Resources | - | - | - | 443 | - | - | 443 |
| Communications | - | 7 | - | 14 | - | - | 21 |
| Equipment Management | - | 55 | - | 1,673 | - | - | 1,728 |
| City Council | - | 12 | - | 641 | - | - | 653 |
| General Government | 2,500 | 3,443 | 16,041 | 635 | - | - | 22,619 |
| | 2,650 | 3,517 | 16,041 | 4,476 | - | - | 26,684 |
| Public Works & Transportation | | | | | | | |
| | 503,230 | 55,186 | 17,262 | 37,050 | 3,353,915 | 175,847 | 4,142,490 |
| | 503,230 | 55,186 | 17,262 | 37,050 | 3,353,915 | 175,847 | 4,142,490 |
| Public Safety & Protection | | | | | | | |
| Police | 1,504 | 27,905 | 85 | 50,846 | - | 156 | 80,296 |
| Fire | 1,718 | 18,049 | 1,083 | 47,160 | - | 131 | 68,141 |
| Municipal Court | - | - | - | 66 | - | - | 66 |
| Telecommunications | 32 | 11,622 | 687 | 37,070 | - | - | 49,411 |
| | 3,254 | 57,576 | 1,855 | 134,942 | - | 287 | 197,914 |
| Social & Economic Development | | | | | | | |
| Human Rights | - | - | - | 44 | - | - | 44 |
| WIN | - | 1,746 | - | 1,296 | - | - | 3,042 |
| Planning | - | - | - | - | - | - | - |
| Development Services | 27 | - | 15 | 1,192 | - | - | 1,234 |
| Urban Development (EDREM) | - | - | - | - | - | - | - |
| | 27 | 1,746 | 15 | 2,532 | - | - | 4,320 |
| Cultural Development & Recreation | | | | | | | |
| Gilcrease | 81 | 12,818 | 110 | 7,821 | - | - | 20,830 |
| Parks | 20,237 | 65,428 | 48,373 | 10,243 | - | - | 144,281 |
| PAC | 596 | 23,668 | - | 2,065 | - | - | 26,329 |
| | 20,914 | 101,914 | 48,483 | 20,129 | - | - | 191,440 |
| | \$ 530,075 | \$ 219,939 | \$ 83,656 | \$ 199,129 | \$ 3,353,915 | \$ 176,134 | \$ 4,562,848 |
| Total Governmental Funds Capital Assets | | | | | | | |


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SECTION 3

STATISTICAL SECTION



H A **1BOK** O N



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

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

CITY OF TULSA
NET POSITION BY COMPONENT
Current and Past Nine Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 1,386,778 | \$ 1,288,414 | \$ 1,235,482 | \$ 1,167,495 | \$ 1,111,600 | \$ 1,104,679 | \$ 989,918 | \$ 967,462 | \$ 951,466 | \$ 952,282 |
| Restricted | 291,237 | 273,642 | 262,022 | 263,303 | 239,504 | 244,257 | 160,049 | 121,161 | 132,695 | 148,553 |
| Unrestricted | (202,213) | (197,489) | (212,406) | 53,045 | 47,933 | 59,643 | 65,532 | 53,012 | 38,170 | 5,168 |
| | <u>\$ 1,475,802</u> | <u>\$ 1,364,567</u> | <u>\$ 1,285,098</u> | <u>\$ 1,483,843</u> | <u>\$ 1,399,037</u> | <u>\$ 1,408,579</u> | <u>\$ 1,215,499</u> | <u>\$ 1,141,635</u> | <u>\$ 1,122,331</u> | <u>\$ 1,106,003</u> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | 498,427 | 504,926 | 514,764 | 531,789 | 528,912 | 535,424 | 541,280 | 516,148 | 498,405 | 457,012 |
| Restricted | 12,664 | 11,732 | 11,939 | 14,398 | 16,925 | 11,875 | 8,936 | 11,185 | 9,482 | 13,582 |
| Unrestricted | 30,089 | 27,332 | 22,202 | 19,289 | 18,077 | 16,086 | 15,183 | 12,073 | 14,881 | 9,033 |
| | <u>\$ 541,180</u> | <u>\$ 543,990</u> | <u>\$ 548,905</u> | <u>\$ 565,476</u> | <u>\$ 563,914</u> | <u>\$ 563,385</u> | <u>\$ 565,399</u> | <u>\$ 539,406</u> | <u>\$ 522,768</u> | <u>\$ 479,627</u> |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | 1,885,205 | 1,793,340 | 1,750,246 | 1,699,284 | 1,640,512 | 1,640,103 | 1,531,198 | 1,483,610 | 1,449,871 | 1,409,294 |
| Restricted | 303,901 | 285,374 | 273,961 | 277,701 | 256,429 | 256,132 | 168,985 | 132,346 | 142,177 | 162,135 |
| Unrestricted | (172,124) | (170,157) | (190,204) | 72,334 | 66,010 | 75,729 | 80,715 | 65,085 | 53,051 | 14,201 |
| | <u>\$ 2,016,982</u> | <u>\$ 1,908,557</u> | <u>\$ 1,834,003</u> | <u>\$ 2,049,319</u> | <u>\$ 1,962,951</u> | <u>\$ 1,971,964</u> | <u>\$ 1,780,898</u> | <u>\$ 1,681,041</u> | <u>\$ 1,645,099</u> | <u>\$ 1,585,630</u> |

Restatements of prior years

2015 - June 30, 2015 governmental activities and business-type activities were restated \$298,116 and \$9,491 respectively as a result of the adoption of GASB Statement No. 68. Prior years were not restated.

2013 - June 30, 2013 business-type activities were restated \$2,165 to correct an error in the treatment of initial direct costs of operating leases. Prior years were not restated.

2011 - June 30, 2011 governmental activities and business-type activities were restated \$728 and \$1,288 respectively as a result of the adoption of GASB Statement No. 65. Prior years were not restated.

2009 - June 30, 2009 governmental activities and business-type activities were restated \$43,441 and \$3,011 respectively to correct errors in capital asset depreciation.

CITY OF TULSA
CHANGES IN NET POSITION
Current and Past Nine Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 69,279 | \$ 64,141 | \$ 46,755 | \$ 42,853 | \$ 50,697 | \$ 46,345 | \$ 39,654 | \$ 45,311 | \$ 42,257 | \$ 46,795 |
| Public safety and protection | 205,938 | 200,726 | 186,385 | 199,749 | 221,872 | 204,822 | 182,971 | 173,339 | 183,862 | 193,293 |
| Public works and transportation | 79,746 | 75,400 | 69,523 | 64,381 | 54,848 | 56,650 | 64,029 | 83,295 | 87,318 | 90,855 |
| Culture and recreation | 24,949 | 24,124 | 22,638 | 24,629 | 25,372 | 20,858 | 20,419 | 17,749 | 21,752 | 25,460 |
| Social and economic | 37,612 | 38,629 | 31,409 | 27,845 | 32,071 | 24,089 | 21,894 | 31,310 | 28,325 | 28,346 |
| Interest on long-term debt | 12,583 | 11,864 | 12,285 | 12,250 | 13,097 | 12,724 | 12,624 | 10,910 | 12,560 | 14,134 |
| Total governmental activities expenses | 430,107 | 414,884 | 368,995 | 371,707 | 397,957 | 365,488 | 331,591 | 361,914 | 376,074 | 398,883 |
| Business-type activities: | | | | | | | | | | |
| Stormwater | 31,429 | 30,084 | 25,877 | 25,721 | 26,004 | 27,729 | 26,050 | 24,859 | 23,743 | 21,744 |
| One Technology Center | 9,127 | 9,982 | 10,643 | 9,927 | 11,488 | 10,435 | 9,884 | 9,431 | 9,993 | 6,527 |
| Arena & Convention | 25,199 | 24,910 | 25,507 | 23,815 | 23,993 | 22,823 | 22,480 | 22,182 | 17,434 | 6,044 |
| Tulsa Stadium Trust | 3,219 | 3,330 | 3,500 | 4,028 | 3,733 | 3,603 | 3,768 | - | - | - |
| Golf Courses | 3,276 | 3,288 | 2,917 | 3,183 | 3,544 | 3,696 | 3,316 | 3,503 | 3,615 | 3,246 |
| Total business-type activities | 72,250 | 71,594 | 68,444 | 66,674 | 68,762 | 68,286 | 65,498 | 59,975 | 54,785 | 37,561 |
| Total primary government | 502,357 | 486,478 | 437,439 | 438,381 | 466,719 | 433,774 | 397,089 | 421,889 | 430,859 | 436,444 |
| Governmental activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | 29,763 | 25,493 | 9,664 | 10,279 | 14,789 | 14,421 | 15,416 | 12,647 | 12,996 | 12,346 |
| Public safety and protection | 24,490 | 24,359 | 25,264 | 23,918 | 24,693 | 21,553 | 16,815 | 20,289 | 22,674 | 25,090 |
| Public works and transportation | 12,277 | 11,250 | 13,693 | 14,045 | 13,792 | 12,761 | 10,421 | 9,054 | 14,908 | 14,235 |
| Culture and recreation | 4,420 | 4,814 | 5,006 | 4,754 | 4,516 | 4,148 | 4,887 | 5,638 | 3,797 | 3,903 |
| Social and economic | 2,447 | 1,913 | 1,626 | 1,155 | 2,037 | 1,850 | 543 | 550 | 1,375 | 2,246 |
| Operating grants and contributions | 30,000 | 29,486 | 32,364 | 35,063 | 35,742 | 29,629 | 27,816 | 32,262 | 25,944 | 39,700 |
| Capital grants and contributions | 40,309 | 6,308 | 4,694 | 3,784 | 34,169 | 36,144 | 9,924 | 11,185 | 11,560 | 24,891 |
| Total governmental activities program revenues | 143,706 | 103,623 | 92,311 | 92,998 | 129,738 | 120,506 | 85,822 | 92,605 | 93,254 | 122,411 |
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Stormwater | 28,488 | 27,674 | 25,099 | 23,625 | 24,101 | 23,604 | 23,231 | 22,007 | 21,424 | 19,296 |
| One Technology Center | 9,154 | 8,986 | 9,183 | 9,176 | 10,253 | 9,401 | 8,560 | 6,637 | 5,787 | 2,478 |
| Arena & Convention | 16,754 | 15,633 | 16,514 | 13,953 | 12,634 | 12,012 | 12,300 | 10,281 | 10,281 | 1,128 |
| Tulsa Stadium Trust | 249 | 281 | 276 | 334 | 299 | 246 | 163 | 16,286 | - | - |
| Golf Courses | 2,785 | 2,828 | 2,420 | 2,700 | 2,558 | 2,574 | 2,024 | 2,733 | 2,713 | 1,683 |
| Operating grants and contributions | - | - | - | - | 3 | 308 | - | - | - | - |
| Capital grants and contributions | 5,602 | 4,689 | 1,271 | 2,360 | 1,272 | 1,072 | 3,319 | 7,735 | 36,839 | 113,759 |
| Total business-type activities program revenues | 63,032 | 60,091 | 54,783 | 52,148 | 51,125 | 49,217 | 49,597 | 70,607 | 77,044 | 138,344 |
| Total primary government program revenues | \$ 206,738 | \$ 163,714 | \$ 147,094 | \$ 145,146 | \$ 180,863 | \$ 169,723 | \$ 135,419 | \$ 163,212 | \$ 170,298 | \$ 260,755 |
| Governmental activities | (286,403) | (311,263) | (276,684) | (278,709) | (268,219) | (264,051) | (245,769) | (269,305) | (282,820) | (276,472) |
| Business-type activities | (9,218) | (11,503) | (13,661) | (14,526) | (17,637) | (17,205) | (15,901) | (5,654) | (22,259) | (100,783) |
| Total primary government net expense | \$ (295,621) | \$ (290,345) | \$ (290,545) | \$ (293,235) | \$ (285,856) | \$ (262,343) | \$ (261,670) | \$ (274,963) | \$ (260,561) | \$ (175,689) |
| General Revenues and Other Changes in Net Position: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Sales tax | 250,271 | 234,912 | 231,997 | 231,108 | 227,905 | 219,240 | 199,384 | 193,505 | 207,289 | 210,633 |
| Property tax | 72,075 | 73,450 | 64,667 | 59,659 | 58,445 | 58,955 | 49,315 | 41,989 | 39,090 | 34,475 |
| Franchise tax | 23,235 | 22,620 | 24,039 | 24,053 | 22,588 | 22,427 | 27,225 | 26,144 | 25,871 | 23,211 |
| Use tax | 25,922 | 23,640 | 24,104 | 24,776 | 22,393 | 21,522 | 17,927 | 15,622 | 18,422 | 18,501 |
| Hotel / motel tax | 7,380 | 7,483 | 7,552 | 7,050 | 6,676 | 6,120 | 5,683 | 5,821 | 6,327 | 6,819 |
| Unrestricted grants and contributions | 7,131 | 6,814 | 6,037 | 7,894 | 22,154 | 23,305 | 22,698 | 15,860 | 21,224 | 20,396 |
| Payments from component units | 15,094 | 14,631 | 14,100 | 14,710 | 4,282 | 690 | 76 | 13 | 1,808 | 2,008 |
| Investment earnings | (551) | 7,910 | 6,469 | 7,072 | (2,343) | 2,888 | 7,513 | 9,566 | 19,570 | 24,151 |
| Miscellaneous | 2,862 | 4,749 | 2,734 | 2,253 | 9,812 | 4,586 | 2,490 | 1,705 | 3,788 | 5,246 |
| Transfers | (5,783) | (5,479) | (5,644) | (5,644) | (18,092) | (16,814) | (11,950) | (21,612) | (22,248) | (105,851) |
| Total governmental activities | 397,636 | 390,730 | 376,055 | 363,515 | 353,820 | 342,919 | 320,361 | 288,613 | 321,141 | 239,589 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings and other | 625 | 1,109 | 937 | 3,193 | (1) | 316 | 611 | 691 | 1,209 | 1,209 |
| Transfers & capital contributions | 5,783 | 5,479 | 5,644 | 5,060 | 18,092 | 16,814 | 11,950 | 23,619 | 22,248 | 105,851 |
| Total business-type activities | 6,408 | 6,588 | 6,581 | 8,253 | 18,091 | 17,310 | 12,561 | 24,310 | 23,538 | 107,060 |
| Total primary government | \$ 404,044 | \$ 397,318 | \$ 382,636 | \$ 381,768 | \$ 371,911 | \$ 360,049 | \$ 332,922 | \$ 312,923 | \$ 344,679 | \$ 346,649 |
| Changes in Net Position: | | | | | | | | | | |
| Governmental activities | 111,235 | 79,469 | 99,371 | 84,806 | 85,001 | 97,937 | 74,592 | 19,304 | 38,321 | (36,883) |
| Business-type activities | (2,810) | (4,915) | (7,080) | (3,727) | (454) | (1,939) | (3,340) | 18,656 | 45,797 | 207,843 |
| Total primary government | \$ 108,425 | \$ 74,554 | \$ 92,291 | \$ 88,533 | \$ 86,055 | \$ 95,998 | \$ 71,252 | \$ 37,960 | \$ 84,118 | \$ 170,960 |

CITY OF TULSA
GOVERNMENTAL ACTIVITIES - TAX REVENUES BY SOURCE
Current and Past Nine Years

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

| Year | Sales Tax | Property Tax | Franchise Tax | Use Tax | Hotel / Motel Tax | Total |
|------|------------|-----------------|------------------|-----------|-------------------------|------------|
| 2017 | \$ 250,271 | \$ 72,075 | \$ 23,235 | \$ 25,922 | \$ 7,380 | \$ 378,883 |
| 2016 | 234,912 | 73,450 | 22,620 | 23,640 | 7,483 | 362,105 |
| 2015 | 231,997 | 64,667 | 24,039 | 24,104 | 7,552 | 352,359 |
| 2014 | 231,108 | 59,659 | 24,053 | 24,776 | 7,050 | 346,646 |
| 2013 | 227,905 | 58,445 | 22,588 | 22,393 | 6,676 | 338,007 |
| 2012 | 223,988 | 58,955 | 21,857 | 21,522 | 6,120 | 332,442 |
| 2011 | 199,384 | 49,315 | 27,225 | 17,927 | 5,683 | 299,534 |
| 2010 | 193,505 | 41,989 | 26,144 | 15,622 | 5,821 | 283,081 |
| 2009 | 207,289 | 39,090 | 25,871 | 18,422 | 6,327 | 296,999 |
| 2008 | 210,633 | 34,475 | 23,211 | 18,501 | 6,819 | 293,639 |

CITY OF TULSA
PROGRAM REVENUE BY FUNCTION / PROGRAM
Current and Past Nine Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

| Function/Program: | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental activities: | | | | | | | | | | |
| General government | \$ 29,763 | \$ 25,493 | \$ 9,664 | \$ 10,478 | \$ 14,789 | \$ 14,421 | \$ 15,416 | \$ 13,380 | \$ 13,240 | \$ 12,368 |
| Public safety and protection | 48,388 | 47,860 | 50,824 | 47,874 | 47,727 | 52,384 | 37,311 | 37,973 | 39,454 | 49,018 |
| Public works and transportation | 52,586 | 17,558 | 18,387 | 17,476 | 46,502 | 42,822 | 16,475 | 20,024 | 25,397 | 43,524 |
| Culture and recreation | 4,420 | 4,814 | 5,006 | 4,754 | 4,516 | 4,148 | 5,122 | 5,960 | 3,801 | 3,943 |
| Social and economic | 8,549 | 7,898 | 8,430 | 12,416 | 16,204 | 7,675 | 11,498 | 15,268 | 11,362 | 13,558 |
| Total governmental activities | 143,706 | 103,623 | 92,311 | 92,998 | 129,738 | 121,450 | 85,822 | 92,605 | 93,254 | 122,411 |
| Business-type activities: | | | | | | | | | | |
| Stormwater | 34,090 | 32,363 | 26,390 | 25,806 | 25,353 | 24,676 | 24,824 | 25,078 | 33,057 | 20,657 |
| One Technology Center | 9,154 | 8,986 | 9,183 | 9,176 | 10,253 | 9,401 | 8,560 | 6,637 | 5,787 | 2,478 |
| Arena & Convention | 16,754 | 15,633 | 16,514 | 13,993 | 12,659 | 12,012 | 12,856 | 19,871 | 35,487 | 113,526 |
| Tulsa Stadium Trust | 249 | 281 | 276 | 334 | 302 | 554 | 918 | 16,286 | - | - |
| Tulsa Golf Courses | 2,785 | 2,828 | 2,420 | 2,839 | 2,558 | 2,574 | 2,439 | 2,735 | 2,713 | 1,683 |
| Total business-type activities | 63,032 | 60,091 | 54,783 | 52,148 | 51,125 | 49,217 | 49,597 | 70,607 | 77,044 | 138,344 |
| Total primary government | \$ 206,738 | \$ 163,714 | \$ 147,094 | \$ 145,146 | \$ 180,863 | \$ 170,667 | \$ 135,419 | \$ 163,212 | \$ 170,298 | \$ 260,755 |

Note: With the adoption of GASB No. 61, *The Financial Reporting Entity, Omnibus*, in the year ending June 30 2010, the Tulsa Stadium Trust is reported as a blended component unit. Prior to 2010, the Tulsa Stadium Trust was reported as a discretely presented component unit of the City.

CITY OF TULSA
FUND BALANCES OF GOVERNMENTAL FUNDS

Current and Past Nine Years

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

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General Fund: | | | | | | | | | | |
| Nonspendable | \$ 516 | \$ 611 | \$ 611 | \$ 611 | \$ 745 | \$ 606 | \$ 1,055 | \$ 7,730 | \$ 8,876 | \$ 13,273 |
| Restricted | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | - | - | 47,045 | 41,647 | 37,759 |
| Assigned | 6,221 | 5,183 | 8,047 | 6,889 | 13,504 | 20,989 | 13,807 | \$ 54,775 | \$ 50,523 | \$ 51,032 |
| Unassigned | 47,301 | 54,252 | 54,830 | 50,264 | 41,528 | 49,540 | 52,255 | | | |
| | <u>\$ 56,038</u> | <u>\$ 62,046</u> | <u>\$ 65,488</u> | <u>\$ 59,764</u> | <u>\$ 57,777</u> | <u>\$ 71,135</u> | <u>\$ 67,117</u> | | | |
| Other Governmental Funds: | | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | 229,880 | 224,633 | 221,997 |
| Restricted | 627,362 | 458,796 | 441,787 | 403,806 | 383,576 | 388,231 | 325,181 | | | |
| Committed | 6,672 | 4,691 | 3,094 | 1,698 | 1,761 | 1,095 | 1,135 | 15,572 | 9,552 | 9,412 |
| Assigned | - | - | - | - | 718 | 718 | 3,977 | 12,412 | 4,014 | 3,948 |
| Unassigned | (419) | (310) | (321) | (456) | (512) | (145) | (261) | 1,966 | 1,692 | 1,095 |
| | <u>\$ 633,615</u> | <u>\$ 463,177</u> | <u>\$ 444,560</u> | <u>\$ 405,048</u> | <u>\$ 385,543</u> | <u>\$ 389,899</u> | <u>\$ 330,032</u> | <u>\$ 259,830</u> | <u>\$ 239,891</u> | <u>\$ 236,452</u> |

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

CITY OF TULSA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Current and Past Nine Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Revenues | | | | | | | | | | |
| Sales tax | \$ 250,271 | \$ 234,912 | \$ 231,997 | \$ 231,108 | \$ 227,905 | \$ 223,988 | \$ 199,384 | \$ 193,505 | \$ 207,289 | \$ 210,633 |
| Property tax | 68,961 | 73,450 | 63,229 | 57,478 | 56,096 | 54,124 | 44,690 | 34,457 | 33,287 | 30,838 |
| Franchise tax | 23,235 | 22,620 | 24,039 | 24,053 | 22,588 | 21,857 | 27,225 | 26,144 | 25,871 | 23,211 |
| Use tax | 23,922 | 23,640 | 24,104 | 24,776 | 22,393 | 21,522 | 17,927 | 15,622 | 18,422 | 18,501 |
| Hotel/motel tax | 7,380 | 7,483 | 7,552 | 7,050 | 6,676 | 6,120 | 5,683 | 5,821 | 6,327 | 6,819 |
| Special assessment tax | 3,392 | 3,525 | 3,412 | 3,595 | 3,344 | 3,164 | 3,169 | 3,275 | 855 | 910 |
| Charges for services | 30,043 | 28,408 | 30,927 | 30,412 | 45,450 | 45,553 | 35,918 | 40,385 | 42,353 | 39,554 |
| Intergovernmental revenues | 42,349 | 39,759 | 43,425 | 47,794 | 53,891 | 39,598 | 42,261 | 51,776 | 50,761 | 71,134 |
| Fines and forfeitures | 8,226 | 8,077 | 8,923 | 9,565 | 10,567 | 11,718 | 10,875 | 8,257 | 8,763 | 12,001 |
| Investment income | 928 | 7,974 | 5,423 | 7,002 | 363 | 5,222 | 6,140 | 8,663 | 12,913 | 18,911 |
| Licenses, permits and fees | 8,111 | 8,397 | 8,421 | 7,801 | 7,137 | 6,832 | 5,922 | 5,175 | 6,191 | 6,745 |
| Program income from grants | 1,382 | 1,337 | 1,397 | 1,146 | 1,962 | 1,763 | 440 | 530 | 793 | 1,606 |
| Payments from component units | 14,846 | 14,383 | 13,506 | 13,566 | 701 | 668 | 57 | 13 | 1,808 | 2,008 |
| Miscellaneous | 2,447 | 4,413 | 2,659 | 2,253 | 9,778 | 3,033 | 2,492 | 2,794 | 3,787 | 5,935 |
| Total revenues | 487,493 | 478,378 | 469,014 | 467,599 | 468,851 | 445,162 | 402,183 | 396,417 | 419,420 | 448,806 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 39,899 | 37,105 | 36,773 | 37,857 | 43,389 | 27,443 | 21,638 | 20,819 | 20,826 | 19,781 |
| Public safety and protection | 198,827 | 202,794 | 194,430 | 190,069 | 186,552 | 187,513 | 171,552 | 174,401 | 188,475 | 193,595 |
| Public works and transportation | 22,773 | 21,038 | 24,186 | 24,983 | 25,857 | 29,039 | 31,557 | 31,412 | 32,174 | 35,064 |
| Culture and recreation | 20,799 | 20,790 | 20,867 | 21,584 | 21,112 | 14,948 | 14,385 | 15,362 | 19,473 | 22,753 |
| Social and economic development | 23,917 | 30,595 | 28,673 | 28,319 | 32,986 | 31,066 | 20,215 | 28,991 | 25,611 | 26,897 |
| Payments to component units | 14,223 | 15,600 | 11,123 | 9,719 | 11,111 | 9,562 | 10,354 | 16,535 | 23,480 | 21,970 |
| Capital outlay | 120,653 | 122,370 | 104,128 | 111,597 | 114,238 | 96,057 | 79,680 | 105,904 | 102,681 | 122,328 |
| Debt service: | | | | | | | | | | |
| Principal | 59,546 | 52,975 | 52,832 | 41,953 | 38,347 | 31,173 | 24,581 | 18,860 | 17,354 | 20,481 |
| Interest | 17,755 | 15,975 | 17,516 | 16,727 | 16,150 | 17,335 | 15,887 | 14,433 | 12,251 | 10,172 |
| Total expenditures | 518,392 | 519,242 | 490,528 | 482,808 | 489,742 | 444,136 | 389,849 | 426,717 | 442,325 | 473,041 |
| Excess (deficiency) of revenues over (under) expenditures | (30,899) | (40,864) | (21,514) | (15,649) | (20,891) | 1,026 | 12,334 | (30,300) | (22,905) | (24,235) |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | 4,373 | 5,121 | 4,495 | 1,706 | 3,657 | 2,570 | 3,941 | 25,758 | 12,761 | 13,590 |
| Transfers out | (12,134) | (11,162) | (11,454) | (17,349) | (22,047) | (17,887) | (16,565) | (47,650) | (35,395) | (37,777) |
| Sale of capital assets | 608 | 1,222 | 905 | 1,468 | 1,173 | 664 | 1,691 | 821 | - | - |
| Bond issuance | 193,300 | 57,000 | 70,000 | 50,000 | 45,000 | 44,927 | 70,000 | 70,000 | 48,453 | 35,851 |
| Refunding bond issuance | 31,200 | 23,133 | 57,073 | - | 23,746 | - | 21,546 | 23,558 | - | - |
| Premium on bond issuance | 9,182 | 3,858 | 2,804 | 1,316 | 7,341 | 647 | 11,143 | 12,017 | 16 | - |
| Payment to bond escrow agent | (31,200) | (23,133) | (57,073) | - | (23,746) | - | (21,546) | (30,013) | - | - |
| Total other financing sources (uses) | 195,329 | 56,039 | 66,750 | 37,141 | 35,124 | 30,921 | 70,210 | 54,491 | 25,835 | 11,664 |
| Net changes in fund balances | 164,430 | 15,175 | 45,236 | 21,492 | 14,233 | 31,947 | 82,544 | 24,191 | 2,930 | (12,571) |
| Fund balance, beginning | 525,223 | 510,048 | 464,812 | 443,320 | 429,087 | 429,087 | 314,605 | 290,414 | 287,484 | 300,055 |
| Fund balance, ending | \$ 689,653 | \$ 525,223 | \$ 510,048 | \$ 464,812 | \$ 443,320 | \$ 461,034 | \$ 397,149 | \$ 314,605 | \$ 290,414 | \$ 287,484 |
| Debt service as a percentage of noncapital expenditures | 18.78% | 17.02% | 18.05% | 15.04% | 14.45% | 13.92% | 12.86% | 9.59% | 8.72% | 8.74% |

CITY OF TULSA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
Current and Past Nine Years

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

| Year | Sales Tax | Property Tax | Franchise Tax | Use Tax | Hotel/Motel Tax | Total |
|------|------------|--------------|---------------|-----------|-----------------|------------|
| 2017 | \$ 250,271 | \$ 68,961 | \$ 23,235 | \$ 25,922 | \$ 7,380 | \$ 375,769 |
| 2016 | 234,912 | 73,450 | 22,620 | 23,640 | 7,483 | 362,105 |
| 2015 | 231,997 | 63,229 | 24,039 | 24,104 | 7,552 | 350,921 |
| 2014 | 231,108 | 57,478 | 24,053 | 24,776 | 7,050 | 344,465 |
| 2013 | 227,905 | 56,096 | 22,588 | 22,393 | 6,676 | 335,658 |
| 2012 | 223,988 | 54,124 | 21,857 | 21,522 | 6,120 | 327,611 |
| 2011 | 199,384 | 44,690 | 27,225 | 17,927 | 5,683 | 294,909 |
| 2010 | 193,505 | 34,457 | 26,144 | 15,622 | 5,821 | 275,549 |
| 2009 | 207,289 | 33,287 | 25,871 | 18,422 | 6,327 | 291,196 |
| 2008 | 208,435 | 33,287 | 23,999 | 18,348 | 6,807 | 290,876 |

CITY OF TULSA
PRINCIPAL SALES TAX REMITTERS
(amounts expressed in thousands)
June 30, 2017

| | | 2017 | | | | 2008 | | | |
|----------|--------------------------------------|-------------------|---------------------|----------------------------------|----------|--------------------------------------|-------------------|---------------------|----------------------------------|
| SIC Code | Sales Tax Remitter | Amount Remitted | Revenue Base | Percentage of Total Revenue Base | SIC Code | Sales Tax Remitter | Amount Remitted | Revenue Base | Percentage of Total Revenue Base |
| 53 | General Merchandise Stores | \$ 36,667 | \$ 1,120,014 | 14.98% | 53 | General Merchandise Stores | \$ 34,134 | \$ 1,137,797 | 16.88% |
| 58 | Eating and Drinking Places | 32,802 | 997,931 | 13.34% | 58 | Eating and Drinking Places | 24,528 | 817,598 | 12.13% |
| 59 | Miscellaneous Retail | 22,937 | 701,420 | 9.38% | 59 | Miscellaneous Retail | 22,389 | 746,311 | 11.07% |
| 54 | Food Stores | 18,838 | 574,398 | 7.68% | 49 | Electric, Gas, and Sanitary Services | 16,508 | 550,267 | 8.16% |
| 50 | Wholesale Trade-Durable Goods | 17,503 | 533,545 | 7.13% | 57 | Furniture and Home Furnishing Stores | 17,319 | 577,284 | 8.56% |
| 49 | Electric, Gas, and Sanitary Services | 17,201 | 526,160 | 7.04% | 54 | Food Stores | 13,994 | 466,479 | 6.92% |
| 52 | Building Materials & Garden Supplies | 16,727 | 509,271 | 6.81% | 50 | Wholesale Trade-Durable Goods | 12,352 | 411,722 | 6.11% |
| 57 | Furniture and Equipment | 15,703 | 480,527 | 6.43% | 52 | Building Materials & Garden Supplies | 12,977 | 432,568 | 6.42% |
| 56 | Apparel and Accessory Stores | 10,293 | 315,078 | 4.21% | 56 | Apparel and Accessory Stores | 9,661 | 322,046 | 4.78% |
| 48 | Communication | 9,284 | 282,392 | 3.78% | 48 | Communication | 9,596 | 319,863 | 4.74% |
| | | <u>\$ 197,955</u> | <u>\$ 6,040,736</u> | <u>80.77%</u> | | | <u>\$ 173,458</u> | <u>\$ 5,781,935</u> | <u>85.77%</u> |

Source: Oklahoma Tax Commission

CITY OF TULSA
DIRECT AND OVERLAPPING SALES TAX RATES
Current and Past Nine Years

| Year | City of Tulsa | Tulsa County | State of Oklahoma |
|------|---------------|--------------|-------------------|
| 2017 | 3.650% | 0.367% | 4.500% |
| 2016 | 3.100% | 0.917% | 4.500% |
| 2015 | 3.100% | 0.917% | 4.500% |
| 2014 | 3.167% | 0.850% | 4.500% |
| 2013 | 3.167% | 0.850% | 4.500% |
| 2012 | 3.167% | 0.850% | 4.500% |
| 2011 | 3.000% | 1.017% | 4.500% |
| 2010 | 3.000% | 1.017% | 4.500% |
| 2009 | 3.000% | 1.017% | 4.500% |
| 2008 | 3.000% | 1.017% | 4.500% |

Source: Oklahoma Tax Commission
City and County Rates Effective January 1, 2017

CITY OF TULSA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Current and Past Nine Years

(amounts expressed in thousands)

| Year | Real Property | | | Personal Property | | | Public Service Property | | | TOTAL | | | |
|------|------------------------|--------------------|----------------------|------------------------|--------------------|----------------------|-------------------------|--------------------|----------------------|------------------------|--------------------|----------------------|------------------------------------|
| | Estimated Actual Value | Net Assessed Value | Tax Rate Per \$1,000 | Estimated Actual Value | Net Assessed Value | Tax Rate Per \$1,000 | Estimated Actual Value | Net Assessed Value | Tax Rate Per \$1,000 | Estimated Actual Value | Net Assessed Value | Tax Rate Per \$1,000 | Assessed to Estimated Actual Value |
| 2017 | \$ 26,069,568 | \$ 2,867,939 | 21.20 | \$ 4,196,622 | \$ 419,662 | 21.20 | \$ 427,595 | \$ 135,890 | 21.20 | \$ 30,693,785 | \$ 3,423,491 | 21.20 | 11.2% |
| 2016 | 25,223,050 | 2,774,813 | 22.79 | 4,147,160 | 414,716 | 22.79 | 427,595 | 135,890 | 22.79 | 29,797,805 | 3,325,419 | 22.79 | 11.2% |
| 2015 | 24,472,298 | 2,692,222 | 21.46 | 4,030,010 | 403,001 | 21.46 | 426,001 | 135,383 | 21.46 | 28,928,309 | 3,230,606 | 21.46 | 11.2% |
| 2014 | 23,899,110 | 2,629,165 | 20.24 | 3,793,290 | 379,329 | 20.24 | 491,001 | 156,040 | 20.24 | 28,183,401 | 3,164,534 | 20.24 | 11.2% |
| 2013 | 23,572,306 | 2,593,213 | 20.16 | 3,673,950 | 367,395 | 20.16 | 622,631 | 197,872 | 20.16 | 27,868,887 | 3,158,480 | 20.16 | 11.3% |
| 2012 | 23,257,483 | 2,558,579 | 20.01 | 3,612,420 | 361,242 | 20.01 | 615,592 | 195,635 | 20.01 | 27,485,495 | 3,115,456 | 20.01 | 11.3% |
| 2011 | 22,980,865 | 2,528,148 | 16.98 | 3,836,900 | 383,690 | 16.98 | 687,020 | 218,335 | 16.98 | 27,504,785 | 3,130,173 | 16.98 | 11.4% |
| 2010 | 22,455,554 | 2,470,358 | 14.15 | 3,991,610 | 399,161 | 14.15 | 658,738 | 209,347 | 14.15 | 27,105,902 | 3,078,866 | 14.15 | 11.4% |
| 2009 | 21,699,539 | 2,387,188 | 14.08 | 3,857,010 | 385,701 | 14.08 | 585,925 | 186,207 | 14.08 | 26,142,474 | 2,959,096 | 14.08 | 11.3% |
| 2008 | 20,631,446 | 2,269,686 | 13.48 | 3,617,470 | 361,747 | 13.48 | 608,046 | 193,237 | 13.48 | 24,856,962 | 2,824,670 | 13.48 | 11.4% |

Source: Tulsa County Assessor's Office

CITY OF TULSA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
 (Per \$1,000 of Net Assessed Valuation)
 Current and Past Nine Years

| Year | Direct | | Overlapping | | | | Direct & Overlapping Combined |
|------|--------------|--------------|-------------|----------|----------------|---------------|-------------------------------|
| | General Fund | Sinking Fund | Schools | County | County Library | County Health | |
| 2017 | \$ - | \$ 21.50 | \$ 94.81 | \$ 10.34 | \$ 5.32 | \$ 2.58 | \$ 113.05 |
| 2016 | - | 22.79 | 93.50 | 10.32 | 5.32 | 2.58 | 111.72 |
| 2015 | - | 21.46 | 93.53 | 10.33 | 5.32 | 2.58 | 111.76 |
| 2014 | - | 20.24 | 89.45 | 10.33 | 5.32 | 2.58 | 107.68 |
| 2013 | - | 20.16 | 89.19 | 10.34 | 5.32 | 2.58 | 107.43 |
| 2012 | - | 20.01 | 89.33 | 10.34 | 5.32 | 2.58 | 107.57 |
| 2011 | - | 16.98 | 88.44 | 10.31 | 5.32 | 2.58 | 106.65 |
| 2010 | - | 14.15 | 89.49 | 10.31 | 5.32 | 2.58 | 107.70 |
| 2009 | - | 14.08 | 88.31 | 10.31 | 5.32 | 2.58 | 106.52 |
| 2008 | - | 13.48 | 88.31 | 10.31 | 5.32 | 2.58 | 106.52 |

Source: Tulsa County Assessor's Office

CITY OF TULSA
PROPERTY TAX LEVIES AND COLLECTIONS
Current and Past Nine Years
(amounts expressed in thousands)

| Year | Total Tax Levy | Current Tax Collections | Percent of Levy Collected | Delinquent Taxes Receivable | Delinquent Percent of Levy | Delinquent Tax Collections | Total Collections | Percent of Total Collections to Tax Levy |
|------|----------------|-------------------------|---------------------------|-----------------------------|----------------------------|----------------------------|-------------------|--|
| 2017 | \$ 72,915 | \$ 71,528 | 98.1% | \$ 11,712 | 16.1% | \$ - | \$ 71,528 | 98.1% |
| 2016 | 75,781 | 74,030 | 97.7% | 11,352 | 15.0% | 84 | 74,114 | 97.8% |
| 2015 | 69,329 | 66,943 | 96.6% | 11,747 | 16.9% | 341 | 67,284 | 97.1% |
| 2014 | 64,050 | 62,019 | 96.8% | 11,206 | 17.5% | 1,384 | 63,403 | 99.0% |
| 2013 | 63,687 | 61,641 | 96.8% | 10,834 | 17.0% | 1,129 | 62,770 | 98.6% |
| 2012 | 62,334 | 60,219 | 96.6% | 10,334 | 16.6% | 1,647 | 61,866 | 99.3% |
| 2011 | 53,163 | 50,945 | 95.8% | 9,955 | 18.7% | 1,947 | 52,892 | 99.5% |
| 2010 | 43,557 | 41,887 | 96.2% | 9,060 | 20.8% | 1,413 | 43,300 | 99.4% |
| 2009 | 41,663 | 40,014 | 96.0% | 8,469 | 20.3% | 1,474 | 41,488 | 99.6% |
| 2008 | 38,098 | 36,305 | 95.3% | 7,697 | 20.2% | 1,583 | 37,888 | 99.5% |

CITY OF TULSA
RATIOS OF OUTSTANDING DEBT BY TYPE
Current and Past Nine Years
(amounts expressed in thousands, except per capita)

| Year | Governmental Activities Debt | | | Business Type Activities Debt | | Total Primary Government | Percentage of Personal Income | Per Capita |
|------|-------------------------------|--------------------|---------------|-------------------------------|--------------------|--------------------------|-------------------------------|------------|
| | General Obligation Bonds, Net | Revenue Bonds, Net | Notes Payable | Total Governmental Activities | Revenue Bonds, Net | | | |
| 2017 | \$ 508,323 | \$ 123,380 | \$ - | \$ 631,703 | \$ 92,493 | \$ 724,196 | 2.96% | \$ 1,793 |
| 2016 | 480,703 | 5,908 | - | 486,611 | 95,747 | 582,358 | 2.79% | 1,446 |
| 2015 | 468,293 | 7,381 | - | 475,674 | 98,807 | 574,481 | 2.77% | 1,435 |
| 2014 | 447,465 | 8,856 | - | 456,321 | 103,316 | 559,637 | 2.81% | 1,407 |
| 2013 | 439,032 | 10,335 | - | 449,367 | 107,390 | 556,757 | 2.92% | 1,429 |
| 2012 | 426,659 | 11,821 | 407 | 438,887 | 104,324 | 543,211 | 2.85% | 1,375 |
| 2011 | 407,858 | 14,255 | 796 | 422,909 | 106,402 | 529,311 | 3.03% | 1,314 |
| 2010 | 351,105 | 27,911 | 1,165 | 380,181 | 90,354 | 470,535 | 2.98% | 1,221 |
| 2009 | 291,245 | 41,030 | 1,519 | 333,794 | 92,558 | 426,352 | 2.78% | 1,139 |
| 2008 | 255,817 | 53,270 | 1,862 | 310,949 | 95,081 | 406,030 | 2.35% | 1,035 |

Notes:

1. Outstanding debt balances are reported net of related discounts and premiums.
2. Bonded debt reported above agree to their respective categories in Note 11, Long-Term Liabilities. Bonded debt along with other long-term liabilities are aggregated and reported as Long-Term Liabilities on the face of the financial statements.

CITY OF TULSA
RATIOS OF NET GENERAL BONDED DEBT TO
ASSESSED VALUES AND NET BONDED DEBT PER CAPITA
Current and Past Nine Years
(amounts expressed in thousands)

| Year | Population | Net | | Ratio of Net Bonded Debt To Assessed Value | Net Bonded Debt Per Capita (In dollars) |
|------|------------|-------------------------------|---------------------------|---|--|
| | | Assessed Property Value | General Bonded Debt | | |
| 2017 | 403,085 | \$ 3,423,491 | \$ 508,323 | 14.85% | \$ 1,261 |
| 2016 | 402,662 | 3,325,419 | 480,703 | 14.46% | 1,194 |
| 2015 | 400,436 | 3,230,606 | 468,293 | 14.50% | 1,169 |
| 2014 | 397,737 | 3,164,534 | 447,465 | 14.14% | 1,125 |
| 2013 | 397,139 | 3,158,480 | 439,032 | 13.90% | 1,105 |
| 2012 | 393,831 | 3,115,456 | 426,659 | 13.69% | 1,083 |
| 2011 | 391,831 | 3,130,173 | 407,858 | 13.03% | 1,041 |
| 2010 | 391,956 | 3,078,866 | 351,105 | 11.40% | 896 |
| 2009 | 392,080 | 2,959,096 | 291,245 | 9.84% | 743 |
| 2008 | 392,205 | 2,824,690 | 255,817 | 9.06% | 652 |

Notes:

1. **Source:** Net Assessed Value: Tulsa County Assessor's Office
2. General bonded debt reported by the governmental activities, statement of net position.

CITY OF TULSA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2017
(amounts expressed in thousands)

| <u>Governmental Unit</u> | <u>Net General Bonded Debt</u> | <u>Estimated Percentage Applicable to City of Tulsa</u> | <u>Estimated Share Applicable to City of Tulsa</u> |
|--|------------------------------------|---|--|
| Debt repaid with property taxes: | | | |
| Independent School Districts: | | | |
| No. 1 Tulsa | \$ 180,607 | 91.6% | \$ 165,512 |
| No. 3 Broken Arrow | 75,070 | 10.9% | 8,192 |
| No. 4 Bixby | 19,465 | 9.4% | 1,833 |
| No. 5 Jenks | 73,596 | 73.1% | 53,786 |
| No. 9 Union | 76,280 | 75.5% | 57,581 |
| No. 11 Owasso | 28,640 | 0.1% | 29 |
| | | | <u>286,932</u> |
| City direct debt | \$ 631,703 | 100.0% | 631,703 |
| Total direct and overlapping debt | | | <u><u>\$ 918,635</u></u> |

Notes:

1. **Source:** Tulsa County Assessor's Office
2. Ratio of assessed valuation of property within the overlapping unit to assessed valuation of property within the City of Tulsa

CITY OF TULSA
COMPUTATION OF LEGAL DEBT MARGIN
Current and Past Nine Years
(amounts expressed in thousands)

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Debt limit ¹⁻² | \$ 342,349 | \$ 332,542 | \$ 323,061 | \$ 316,453 | \$ 315,848 | \$ 311,546 | \$ 313,017 | \$ 307,877 | \$ 295,910 | \$ 282,469 |
| Total net debt subject to limit ³ | - | - | - | - | - | - | - | - | - | - |
| Legal debt margin | \$ 342,349 | \$ 332,542 | \$ 323,061 | \$ 316,453 | \$ 315,848 | \$ 311,546 | \$ 313,017 | \$ 307,877 | \$ 295,910 | \$ 282,469 |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Source:

1. Tulsa County Assessor's Office - Net Assessed Valuation
2. Article 10, Section 26, Oklahoma Constitution - 10% of Net Assessed Valuation
3. Article 10, Section 27, Oklahoma Constitution - debt subject to limit

CITY OF TULSA
PLEDGED-REVENUE BOND COVERAGE
ONE TECHNOLOGY CENTER - LEASE REVENUE BONDS
Current and Past Nine Years
(amounts expressed in thousands)

| Year | Gross Revenue | Direct Expenses | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage |
|------|---------------|-----------------|--|---------------------------|----------|----------|----------|
| | | | | Principal | Interest | Total | |
| 2017 | \$ 9,878 | \$ 4,572 | \$ 5,306 | \$ 1,485 | \$ 3,321 | \$ 4,806 | 1.10 |
| 2016 | 9,660 | 5,700 | 3,960 | 1,400 | 3,339 | 4,739 | 0.84 |
| 2015 | 9,853 | 6,066 | 3,787 | 1,340 | 3,356 | 4,696 | 0.81 |
| 2014 | 12,065 | 5,244 | 6,821 | 1,280 | 3,372 | 4,652 | 1.47 |
| 2013 | 10,930 | 5,978 | 4,952 | - | 3,645 | 3,645 | 1.36 |
| 2012 | 9,466 | 4,999 | 4,467 | - | 3,734 | 3,734 | 1.20 |
| 2011 | 9,820 | 4,354 | 5,466 | - | 3,734 | 3,734 | 1.46 |
| 2010 | 8,678 | 4,226 | 4,452 | - | 3,734 | 3,734 | 1.19 |
| 2009 | 7,005 | 5,147 | 1,858 | 600 | 3,747 | 4,347 | 0.43 |
| 2008 | 7,602 | 2,589 | 5,013 | - | 1,597 | 1,597 | 3.14 |

Notes:

1. The bonds were issued in 2008 and repayment is the responsibility of TPFA's One Technology Center fund.
2. Gross revenues includes lease revenues derived from the operation of the OTC facility along with other revenues of the fund including investment income, transfers and gains on capital asset disposition.
3. Direct expenses include all expenses of the OTC fund except for depreciation and interest expense.

CITY OF TULSA
PLEDGED-REVENUE BOND COVERAGE
ARENA AND CONVENTION - 2008 CAPITAL IMPROVEMENT BONDS
Current and Past Eight Years
(amounts expressed in thousands)

| Year | Gross Revenue | Debt Service Requirements | | | Coverage |
|------|---------------|---------------------------|----------|----------|----------|
| | | Principal | Interest | Total | |
| 2017 | \$ 2,080 | \$ 1,190 | \$ 586 | \$ 1,776 | 1.17 |
| 2016 | 2,080 | 1,095 | 653 | 1,748 | 1.19 |
| 2015 | 2,080 | 1,000 | 713 | 1,713 | 1.21 |
| 2014 | 2,080 | 915 | 769 | 1,684 | 1.24 |
| 2013 | 2,090 | 835 | 820 | 1,655 | 1.26 |
| 2012 | 2,090 | 725 | 852 | 1,577 | 1.33 |
| 2011 | 2,140 | 680 | 881 | 1,561 | 1.37 |
| 2010 | 2,276 | 640 | 905 | 1,545 | 1.47 |
| 2009 | 1,563 | 450 | 867 | 1,317 | 1.19 |

Notes:

1. The bonds were issued in 2009 and repayment is the responsibility of TPFA's Arena and Convention fund.
2. Gross revenue includes revenues derived from the Arena sponsorship and naming.

CITY OF TULSA
PLEGGED-REVENUE BOND COVERAGE
TULSA STADIUM TRUST - IMPROVEMENT DISTRICT BONDS
Current and Past Seven Years
(amounts expressed in thousands)

| Year | Gross Revenue | Direct Expenses | Net Revenue Available for | | Debt Service Requirements | | Coverage |
|------|---------------|-----------------|---------------------------|--------------|---------------------------|----------|----------|
| | | | Debt Service | Debt Service | Principal | Interest | |
| 2017 | \$ 2,450 | \$ 235 | \$ | 2,215 | \$ 585 | \$ 1,014 | 1.39 |
| 2016 | 2,505 | 332 | | 2,173 | 570 | 1,032 | 1.36 |
| 2015 | 2,491 | 516 | | 1,975 | 560 | 1,028 | 1.24 |
| 2014 | 2,689 | 919 | | 1,770 | 383 | 1,946 | 0.76 |
| 2013 | 2,439 | 404 | | 2,035 | 360 | 1,253 | 1.26 |
| 2012 | 2,663 | 427 | | 2,236 | 339 | 1,217 | 1.44 |
| 2011 | 3,042 | 678 | | 2,364 | 5,319 | 1,174 | 0.36 |
| 2010 | 18,303 | 733 | | 17,570 | 289 | 141 | 40.86 |

Notes:

1. Bonds were issued in 2010 and refunded in 2013. Repayment of debt is the responsibility of the Tulsa Stadium Trust.
2. Gross revenue includes revenues derived from the operation of the ballpark and transfers from the Tulsa Stadium Improvement District along with other revenues of the fund including investment income and gains on capital asset disposition.
3. Direct expenses include all expenses of the Tulsa Stadium Trust except for depreciation and interest expense.

CITY OF TULSA
PLEDGED-REVENUE BOND COVERAGE
TPFA - 2012 CAPITAL IMPROVEMENT BONDS
Current and Past Four Years
(amounts expressed in thousands)

| Year | Gross Revenue | Direct Expenses | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage |
|------|---------------|-----------------|--|---------------------------|----------|----------|----------|
| | | | | Principal | Interest | Total | |
| 2017 | \$ 27,238 | \$ 22,821 | \$ 4,417 | \$ 1,365 | \$ 226 | \$ 1,591 | 2.78 |
| 2016 | 26,828 | 24,329 | 2,499 | 1,340 | 266 | 1,606 | 2 |
| 2015 | 26,492 | 22,906 | 3,586 | 1,320 | 305 | 1,625 | 2.21 |
| 2014 | 26,720 | 22,051 | 4,669 | 1,305 | 345 | 1,650 | 2.83 |
| 2013 | 23,792 | 23,735 | 57 | 1,295 | 372 | 1,667 | 0.03 |

Notes:

1. Bonds were issued in 2013 and repayment is the responsibility of TPFA's Financing fund and TARE.
2. Gross revenue includes revenue derived from the operation of TARE along with other revenues of the TPFA Capital Improvements fund including investment income and gains on capital asset disposition.
3. Direct expenses include all expenses of TARE except for depreciation and interest expense.

CITY OF TULSA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Current and Past Nine Years

| Year | MSA Current | | MSA Per Capita | | Percent of High School Graduates | | Unemployment Rate |
|------|-------------|-------------------------------|-----------------|------------|----------------------------------|------|-------------------|
| | Population | Personal Income (in millions) | Personal Income | Median Age | School Graduates | Rate | |
| 2017 | 403,890 | \$ 60,088 | \$60,587 | 34.9 | 86.7% | 5.0% | |
| 2016 | 403,085 | 50,881 | 51,786 | 34.9 | 86.8% | 4.5% | |
| 2015 | 402,662 | 50,247 | 51,500 | 34.8 | 86.7% | 4.2% | |
| 2014 | 400,436 | 48,199 | 49,807 | 34.8 | 86.7% | 5.0% | |
| 2013 | 398,222 | 45,935 | 47,857 | 34.8 | 86.7% | 5.4% | |
| 2012 | 396,021 | 45,787 | 48,095 | 34.8 | 86.7% | 5.8% | |
| 2011 | 393,831 | 41,846 | 44,316 | 34.8 | 86.7% | 6.7% | |
| 2010 | 391,831 | 37,723 | 40,239 | 34.8 | 86.8% | 7.5% | |
| 2009 | 391,956 | 36,300 | 39,075 | 34.8 | 86.5% | 5.1% | |
| 2008 | 392,080 | 40,645 | 44,153 | 34.8 | 86.2% | 3.7% | |

Sources:

- Population: 2000 & 2010 Census
- Forecast (2017): Extrapolation using 15 year Experian series, and 2016 Growth Projection
- Personal Income: Bureau of Economic Analysis to 2015
- Forecast (2016/2017): OSU Center for Applied Economic Research, Tulsa Regional Chamber
- Per Capita Personal Income: Bureau of Economic Analysis to 2015
- Forecast (2016/2017): OSU CAER, Tulsa Regional Chamber
- Median Age: 2000 & 2010 Census
- Forecast (2017): Extrapolation using 16 year Experian series, and 2017 Growth Projection
- Percent of High School Graduates: Tulsa Metro Chamber - as reported by Experian
- Forecast (2017): Extrapolation using 12 year Experian series, and 2017 Growth Projection
- Unemployment Rate: Bureau of Labor Statistics (12 month moving average closing May 31, 2017)

CITY OF TULSA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

| Employer | 2017 | | | 2008 | | |
|-------------------------------------|---------------|------|------------------------------------|---------------|------|------------------------------------|
| | Employees | Rank | Percentage of Total MSA Employment | Employees | Rank | Percentage of Total MSA Employment |
| Saint Francis Healthcare System | 10,000 | 1 | 2.21% | 4,500 | 3 | 1.06% |
| Wal-Mart/Sam's Club | 8,500 | 2 | 1.88% | - | - | NA |
| Tulsa Public Schools | 7,000 | 3 | 1.55% | 7,000 | 2 | 1.65% |
| Hillcrest Healthcare System | 5,500 | 4 | 1.22% | 2,000 | 18 | 0.38% |
| St. John Health System | 7,000 | 5 | 1.55% | 3,000 | 5 | 0.65% |
| American Airlines | 7,000 | 6 | 1.55% | 7,500 | 1 | 1.77% |
| City of Tulsa | 4,000 | 7 | 0.88% | 4,500 | 4 | 1.05% |
| Reasor's (all Tulsa area locations) | 4,000 | 8 | 0.88% | 2,000 | 12 | 0.47% |
| Cherokee Hard Rock Hotel and Casino | 4,000 | 9 | 0.88% | 1,000 | 35 | 0.24% |
| QuikTrip | 4,000 | 10 | 0.88% | 1,500 | 24 | 0.33% |
| | <u>61,000</u> | | <u>13.49%</u> | <u>33,000</u> | | <u>7.60%</u> |

Notes:

- Source:** Tulsa Metro Chamber and Oklahoma State Department of Commerce Chamber Sources: Direct Contact with Companies; D&B Million Dollar Database: Global Reach, ReferenceUSA & Tulsa World articles
- Employer headcount survey includes regular full-time and part-time employees.
- Total employment for all locations of the company in the Tulsa MSA area.
- Employee counts are categorized in increments of 500. The number of employees shown for each employer is the peak value of each increment.

CITY OF TULSA
Number of City Employees
Current and Past Nine Years

| Departments | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Public Safety and Protection: | | | | | | | | | | |
| Police | 1,008 | 977 | 971 | 997 | 881 | 879 | 874 | 888 | 897 | 898 |
| 911 Public Safety Communications | - | - | - | - | 97 | 97 | 97 | 108 | 109 | 109 |
| Municipal Courts | 39 | 41 | 41 | 46 | 51 | 51 | 50 | 53 | 58 | 58 |
| Fire | 715 | 695 | 694 | 696 | 696 | 699 | 698 | 708 | 714 | 714 |
| | <u>1,762</u> | <u>1,713</u> | <u>1,706</u> | <u>1,739</u> | <u>1,725</u> | <u>1,726</u> | <u>1,719</u> | <u>1,757</u> | <u>1,778</u> | <u>1,779</u> |
| Cultural Development and Recreation: | | | | | | | | | | |
| Park & Recreation | 170 | 173 | 176 | 195 | 196 | 110 | 180 | 270 | 273 | 274 |
| Tulsa Performing Arts Center | 31 | 31 | 30 | 30 | 30 | 29 | 30 | 36 | 37 | 38 |
| | <u>201</u> | <u>204</u> | <u>206</u> | <u>225</u> | <u>226</u> | <u>139</u> | <u>210</u> | <u>306</u> | <u>310</u> | <u>312</u> |
| Social and Economic Development: | | | | | | | | | | |
| Mayor's Office of Economic Development | 9 | 11 | 9 | - | - | - | - | - | - | - |
| Planning and Economic Development | 79 | 87 | 88 | 115 | 112 | 121 | 118 | 91 | 93 | 93 |
| Working in Neighborhoods | 69 | 67 | 67 | 75 | 77 | 75 | 72 | 87 | 91 | 86 |
| | <u>157</u> | <u>165</u> | <u>164</u> | <u>190</u> | <u>189</u> | <u>196</u> | <u>190</u> | <u>178</u> | <u>184</u> | <u>179</u> |
| Public Works and Transportation: | | | | | | | | | | |
| Engineering Services | 144 | 145 | 146 | 162 | 161 | 153 | 155 | - | - | - |
| Streets and Stormwater | 328 | 312 | 357 | 375 | 374 | 434 | 437 | - | - | - |
| Water and Sewer | 657 | 655 | 648 | 646 | 642 | 657 | 653 | - | - | - |
| Public Works | - | - | - | - | - | - | - | 1,441 | 1,453 | 1,445 |
| Airports | - | - | - | 157 | 157 | 157 | 157 | 158 | 172 | 171 |
| | <u>1,129</u> | <u>1,112</u> | <u>1,151</u> | <u>1,340</u> | <u>1,334</u> | <u>1,401</u> | <u>1,402</u> | <u>1,599</u> | <u>1,625</u> | <u>1,616</u> |
| General Government and Support: | | | | | | | | | | |
| Finance | 158 | 163 | 157 | 170 | 171 | 158 | 153 | 89 | 84 | 84 |
| Information Technology | 116 | 119 | 119 | 143 | 146 | 149 | 249 | 270 | 278 | 277 |
| Asset Management | 136 | 137 | 111 | 79 | 79 | 79 | 79 | 79 | 83 | 83 |
| All Other | 175 | 177 | 177 | 157 | 181 | 177 | 73 | 83 | 96 | 107 |
| | <u>585</u> | <u>596</u> | <u>564</u> | <u>581</u> | <u>577</u> | <u>563</u> | <u>554</u> | <u>521</u> | <u>541</u> | <u>551</u> |
| | <u>3,834</u> | <u>3,790</u> | <u>3,791</u> | <u>4,075</u> | <u>4,051</u> | <u>4,025</u> | <u>4,075</u> | <u>4,361</u> | <u>4,438</u> | <u>4,437</u> |

Notes:

1. **Source:** City of Tulsa, *Annual Budget and Capital Plan*
2. Other departments include: Elected Officials Offices, Legal, Human Resources and other departments with less than fifty positions.
3. Years and departments with no employees indicated by "-" are the result of organizational changes, with employee counts included in a different department as well as the discontinued use of that department name.

CITY OF TULSA
Selected Operating Indicators by Function/Program
Current and Past Five Years

| Function/Program | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|----------------|-----------------|----------------|-----------------|--------------|----------------|
| Public Safety & Protection | | | | | | |
| Municipal Court | 75% | 75% | New Measure | New Measure | New Measure | New Measure |
| 1 . Percent of expunges completed within 30 days of the order date signed by the judge. | | | | | | |
| 2 . Percent of Minute clerk entries for daily court entered within 24 or 48 hours (depending up on the type as described in the objective.) | 80% | 80% | New Measure | New Measure | New Measure | New Measure |
| 3 . Percent of hand written citations entered within 24 hours of receipt from the prosecutor's office. | 90% | 90% | New Measure | New Measure | New Measure | New Measure |
| Police | | | | | | |
| 1 . Percent reduction in Part One crimes over previous year. | 2.4% increase | 15.37% decrease | 3.6% decrease | 5% decrease | 3% decrease | 6.75% decrease |
| 2 . Part I Property crime rate per 1,000 population | 58.65 | 57.55 | 50.25 | New Measure | New Measure | New Measure |
| 3 . Part I Violent crime rate per 1,000 population | 10.36 | 10.1 | 8.69 | New Measure | New Measure | New Measure |
| 4 . Percent reduction in fatality/high injury collisions over previous year. | 17.3% decrease | 12.8% decrease | 13.9% decrease | 15.4% decrease | 3% decrease | 15.4% decrease |
| 5 . Percent increase in Priority One calls responded to in three minutes or less | 2.2% increase | 5.5% decrease | 0.3% increase | 13.54% decrease | 5% increase | 3.37% decrease |
| Fire | | | | | | |
| 1 . Percent of arrival on scene from receipt of call within six minutes | 85% | 85% | 86% | 86% | 90% | 87% |
| 2 . Percent of reduction of firefighter injuries from previous year. | 5% | 0% | 33% | 32% | 5% | 11% |
| Culture and Recreation | | | | | | |
| Parks | | | | | | |
| 1 . Number of "Purely Parks" Newsletters distributed quarterly by all centers | 6427 | 2000 | New Measure | New Measure | New Measure | New Measure |
| 2 . Average number of hours Recreation Centers were open on a weekly basis | 55 | 65 | New Measure | New Measure | New Measure | New Measure |
| 3 . Number of exercise programs held per quarter at each recreation center | 38 | 25 | New Measure | New Measure | New Measure | New Measure |
| Gilcrease Museum | | | | | | |
| 1 . Number of school-aged children receiving services per year. | 14,409 | 35,326 | 35,326 | 17,000 | 25,000 | 17,695 |
| 2 . Number of visitors attracted annually. | 40,381 | 81,384 | 81,384 | 78,144 | 100,000 | 113,561 |
| Performing Arts Center | | | | | | |
| 1 . Number of performances per year. | 525 | 555 | 505 | 506 | 500 | 524 |
| 2 . Dollar amount of gross ticket sales. | \$7 million | \$7.5 million | \$7.9 million | \$10.6 million | \$7 million | \$10.8 million |
| BOK Arena and Convention Center | | | | | | |
| 1 . Number of paid attendance to event centers per year. | 1,000,000 | 1,057,590 | 1,126,758 | 921,535 | 550,000 | 894,092 |
| 2 . Gross ticket sales per year | \$20,000,000 | \$16,902,142 | \$25,212,936 | \$19,132,173 | \$15,000,000 | \$19,601,157 |
| 3 . Number of attended events scheduled and serviced annually. | 600 | 609 | 600 | 527 | 476 | 508 |

Continued

CITY OF TULSA
Selected Operating Indicators by Function/Program
Current and Past Five Years

| Function/Program | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---------------|---------------|---------------|----------------|---------------|---------------|
| Continued | | | | | | |
| Social & Economic Development | | | | | | |
| Mayor's Office of Economic Development | | | | | | |
| 1 . Number of Commerical Permits issued Working In Neighborhoods | 1350 | 1397 | New Measure | New Measure | New Measure | New Measure |
| 1 . Average number of housing rehabilitations per month. | 27 | 23 | 23 | 20 | 23 | 20 |
| 2 . Average number of housing demolitions per month. | 25 | 32 | 32 | 23 | 32 | 23 |
| 3 . Number of neighborhoods that have undergone a mapping process per year. | 3 | 4 | 3 | 4 | 4 | 4 |
| 4 . Number of neighborhoods clean-up initiative per year. | 25 | 20 | 13 | 12 | 18 | 12 |
| 5 . Average number of voluntary compliance of code violations per month. | 1200 | 1100 | 1100 | 882 | 1100 | 882 |
| 6 . Percent reduction of animals euthanized at Tulsa Animal Welfare (TAW). | 15% reduction | 15% reduction | 12% reduction | 18.6% | 12% reduction | 8.6% |
| 7 . Percent increase of live exits of animals from TAW. | 10% increase | 10% increase | 12% increase | 1.6% increase | 12% increase | 1.6% increase |
| 8 . Percent reduction of animal intake at TAW. | 5% reduction | 5% reduction | 5% reduction | 8.6% reduction | New Measure | New Measure |
| Planning and Economic Development | | | | | | |
| 1 . Number of small area plans created or updated by 6/30/16. | 2 | 2 | 4 | 2 | 3 | 0 |
| 2 . Average number of working days for plans review. | 10 | 10 | 9 | 8 | 10 | 10 |
| 3 . Average number of calendar days to issue permits for commercial projects under \$1 million. | 35 | 30 | 41 | 37 | 30 | 30 |
| 4 . Number of Historic Preservation Section 106 applications processed annually. | 300 | 260 | New Measure | New Measure | New Measure | New Measure |
| 5 . Number of permits granted for Historic Preservation work under Certificate of Appropriateness processed annually. | 75 | 60 | New Measure | New Measure | New Measure | New Measure |

Continued

CITY OF TULSA
Selected Operating Indicators by Function/Program
Current and Past Five Years

| Function/Program | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|------------|------------|-------------|-------------|-------------|
| Continued | | | | | | |
| Public Works & Transportation | | | | | | |
| Engineering Services | | | | | | |
| 1 . | Percent of capital projects designed, right-of-way easements acquired and utilities relocated within scheduled time frames. | 78% | 51% | 62% | 80% | 62% |
| 2 . | Percent of capital projects constructed within scheduled time frames. | 91% | 97% | 85% | 90% | 93% |
| 3 . | Percent of capital projects completed within appropriated budgets. | 100% | 100% | 100% | 95% | 100% |
| 4 . | Change order percent for capital projects (State statute: Projects valued at: a) \$1,000,000 or less: 15% maximum; b) Above \$1,000,000: 10% maximum. | 1.0% | 8.0% | 4.0% | 7.0% | 2.4% |
| 5 . | Percent of bid advertisements posted and updated in all locations. | 100% | 100% | 100% | 95% | 96% |
| Streets and Stormwater | | | | | | |
| 1 . | Average number of minutes it takes to respond to emergency street repair requests. | 51 minutes | 41 minutes | 34 minutes | 25 minutes | New Measure |
| 2 . | Percent of compliance with City grass height ordinance. | N/A | N/A | 100% | 100% | New Measure |
| 3 . | Average response time to traffic signal trouble call | 45 | 45 | New Measure | New Measure | New Measure |
| 4 . | Average number of minutes it takes to respond to stormwater emergencies. | 60 minutes | 58 minutes | 32 minutes | 32 minutes | New Measure |
| 5 . | Percent of verified missed collections of refuse and recycling services. | <5% | 0.8% | <1% | 0.1% | New Measure |
| Water and Sewer | | | | | | |
| 1 . | Percent of customer service demand for treated water. | 100% | 100% | 100% | 100% | 100% |
| 2 . | Drinking water compliance rate (number of days in full compliance divided by 365 days) | 100% | 100% | 100% | 100% | New Measure |
| 3 . | Average number hours for water off per customer during emergency repairs. | 5.3 | 4.83 | 5.11 | 4.91 | 4.91 |
| 4 . | Percent of on-site responses to sanitary sewer stoppage and overflow calls within two hours. | 97.0% | 98.0% | 98.0% | 99.7% | 99.7% |
| Metropolitan Tulsa Transit Authority | | | | | | |
| 1 . | Number of fixed route complaints per 10k boardings | 4.25 | 4.17 | 4.24 | 2.7 | 2.7 |
| 2 . | Number of lift program complaints per 10k boardings. | 22.75 | 20.87 | 23.41 | 21.8 | 21.8 |
| 3 . | Number of fixed route passengers per hour. | 16 | 16 | 16 | 17 | 17.6 |
| 4 . | Number of lift program passengers per hour. | 2 | 2 | 2 | 2.1 | 2.1 |

Continued

CITY OF TULSA
Selected Operating Indicators by Function/Program
Current and Past Five Years

| Function/Program | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Continued | | | | | | |
| <u>Administrative and Support Services</u> | | | | | | |
| Elected Officials | | | | | | |
| 1 . Percent of acceptance rate for recommendations. | 90% | 90% | 90% | 90% | 90% | 90% |
| 2 . Percent of implementation rate for recommendations. | 87% | 86% | 86% | 87% | 90% | 88% |
| 3 . Quality ranking on a 1-4 scale. | 3.5 | 3.6 | 3.3 | 3.5 | 3.3 | 3.5 |
| Human Rights Department | | | | | | |
| 1 . Percent of discrimination complaints with recommended resolutions within 60 days. | 100% | 100% | 100% | 100% | 100% | 100% |
| Legal Department | | | | | | |
| 1 . Percent of reviews for prosecutions completed within two working days. | 100% | 100% | 100% | 100% | 100% | 100% |
| 2 . Percent of contracts completed within ten business days. | 90% | 93% | 93% | 98% | 90% | 98% |
| Human Resources Department | | | | | | |
| 1 . Percent of internal non-sworn vacancies filled within 45 days of closing date. | 95% | 93% | 95% | 95% | 80% | 95% |
| 2 . Percent of external non-sworn vacancies filled within 45 days of closing date. | 88% | 83% | 79% | 89% | 80% | 92% |
| 3 . Percent of reported injury claims closed within 90 days of submission. | 80% | 77% | 76% | 76% | 65% | 76% |
| Finance Department | | | | | | |
| 1 . Basis points over the treasury bill rate. | 75 | 98 | 86 | 90 | 25 | 108 |
| 2 . City's Standard and Poor bond rating. | AA | AA | AA | AA | AA | AA |
| 3 . City's Moody's Investor Service bond rating. | Aa ¹ | Aa ¹ | Aa ¹ | Aa ¹ | Aa ¹ | Aa ¹ |
| Information Technology | | | | | | |
| 1 . Annual and quarterly customer service rating (1-5). | 4.5 | 4.0 | 4.9 | 4.9 | 4.0 | 4.8 |
| 2 . Percent of IT service tickets open past 30 days. | 1% | 16% | 2% | 2% | 1% | 2% |
| 3 . First contact resolution rate. | 51% | 31% | 47% | 47% | 35% | 43% |
| Customer Care | | | | | | |
| 1 . Percent of calls answered within 45 seconds. | 68% | 52% | 56% | 48% | 85% | 48% |
| 2 . Average call abandonment percentage. | 8% | 16% | 16% | 18% | <8% | 18% |
| 3 . Customer service quality score percent for recorded and monitored calls. | 90% | 94% | 94% | 94% | 90% | N/A |
| Communications Department | | | | | | |
| 1 . Number of media trainings performed for field supervisors per year. | 5 | 3 | New Measure | New Measure | New Measure | New Measure |
| Asset Management Department | | | | | | |
| 1 . Percent of designated fleet availability. | 93% | 93% | 93% | 94% | 93% | 95% |
| 2 . Percent of parking meters that are operational per year. | 85% | 85% | 85% | New Measure | New Measure | New Measure |
| 3 . Percent of direct labor hours dedicated to parking meter enforcement per year. | 80% | 75% | 100% | New Measure | New Measure | New Measure |

Note: Data not available is indicated by a "-".

Source: City of Tulsa

CITY OF TULSA
TULSA METROPOLITAN UTILITY AUTHORITY
WATER AND SEWER RATES
Current and Past Nine Years
(Residential - Inside City Limits)

| Year | Water | | Sewer | |
|------|-------------------|------------------------|-------------------|------------------------|
| | Monthly Base Rate | Rate per 1,000 Gallons | Monthly Base Rate | Rate per 1,000 Gallons |
| 2017 | \$ 5.90 | \$ 3.93 | \$ 6.41 | \$ 6.70 |
| 2016 | 5.51 | 3.64 | 5.88 | 6.15 |
| 2015 | 5.15 | 3.40 | 5.39 | 5.64 |
| 2014 | 4.81 | 3.18 | 4.91 | 5.14 |
| 2013 | 4.50 | 2.97 | 4.50 | 4.71 |
| 2012 | 4.50 | 2.75 | 4.50 | 4.27 |
| 2011 | 4.50 | 2.53 | 4.50 | 3.92 |
| 2010 | 4.20 | 2.37 | 4.50 | 3.56 |
| 2009 | 4.08 | 2.31 | 4.08 | 3.23 |
| 2008 | 4.00 | 2.17 | 4.08 | 3.05 |

APPENDIX

APPENDIX OF ABBREVIATIONS



K **BOK** S

APPENDIX OF ABBREVIATIONS

(Occasionally used throughout this report)

| | |
|--------------|--|
| City | ..City of Tulsa, Oklahoma |
| DPCU | ..Discretely Presented Component Unit |
| EMSA | ..Emergency Medical Services Authority |
| GAAP | ..Generally Accepted Accounting Principles |
| GASB | ..Governmental Accounting Standards Board |
| GFOA | ..The Government Finance Officers Association of the U.S. and Canada |
| GO | ..General Obligation (bonds) |
| MERP | ..Municipal Employees' Retirement Plan |
| MSA | ..Metropolitan Statistical Area (of Tulsa) |
| MTTA | ..Metropolitan Tulsa Transit Authority |
| PFPI | ..Privately Financed Public Improvement |
| RMUA | ..Regional Metropolitan Utility Authority |
| RPA | ..River Parks Authority |
| TAIT | ..Tulsa Airports Improvement Trust |
| TARE | ..Tulsa Authority for Recovery of Energy |
| TDA | ..Tulsa Development Authority |
| TIA | ..Tulsa Industrial Authority |
| TMUA | ..Tulsa Metropolitan Utility Authority |
| TPA | ..Tulsa Parking Authority |
| TPACT | ..Tulsa Performing Arts Center Trust |
| TPFA | ..Tulsa Public Facilities Authority |
| TST | ..Tulsa Stadium Trust |



CITY OF
Tulsa
A New Kind of Energy.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED: JUNE 30, 2017