

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



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.

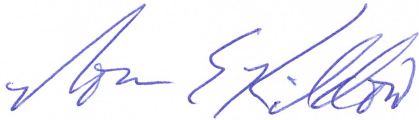
The City also received the GFOA's Distinguished Budget Presentation Award for its 2017 annual budget document. This was the 22st consecutive year for the City of Tulsa. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document,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

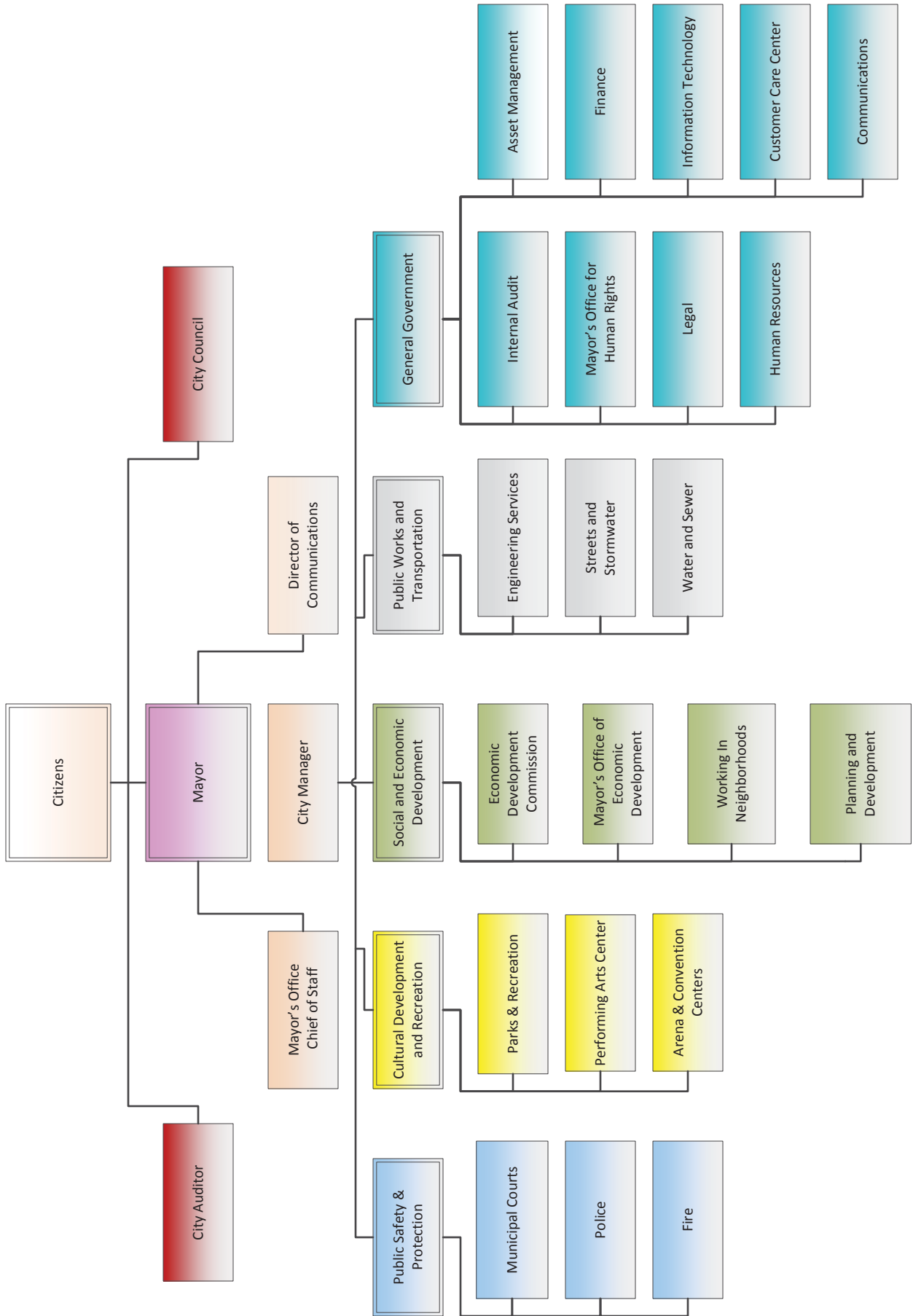
DIRECTOR OF FINANCE

Michael P. Kier, CPFO

CITY AUDITOR

Cathy Criswell

ORGANIZATION CHART





Government Finance Officers Association

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for Excellence
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Presented to

**City of Tulsa
Oklahoma**

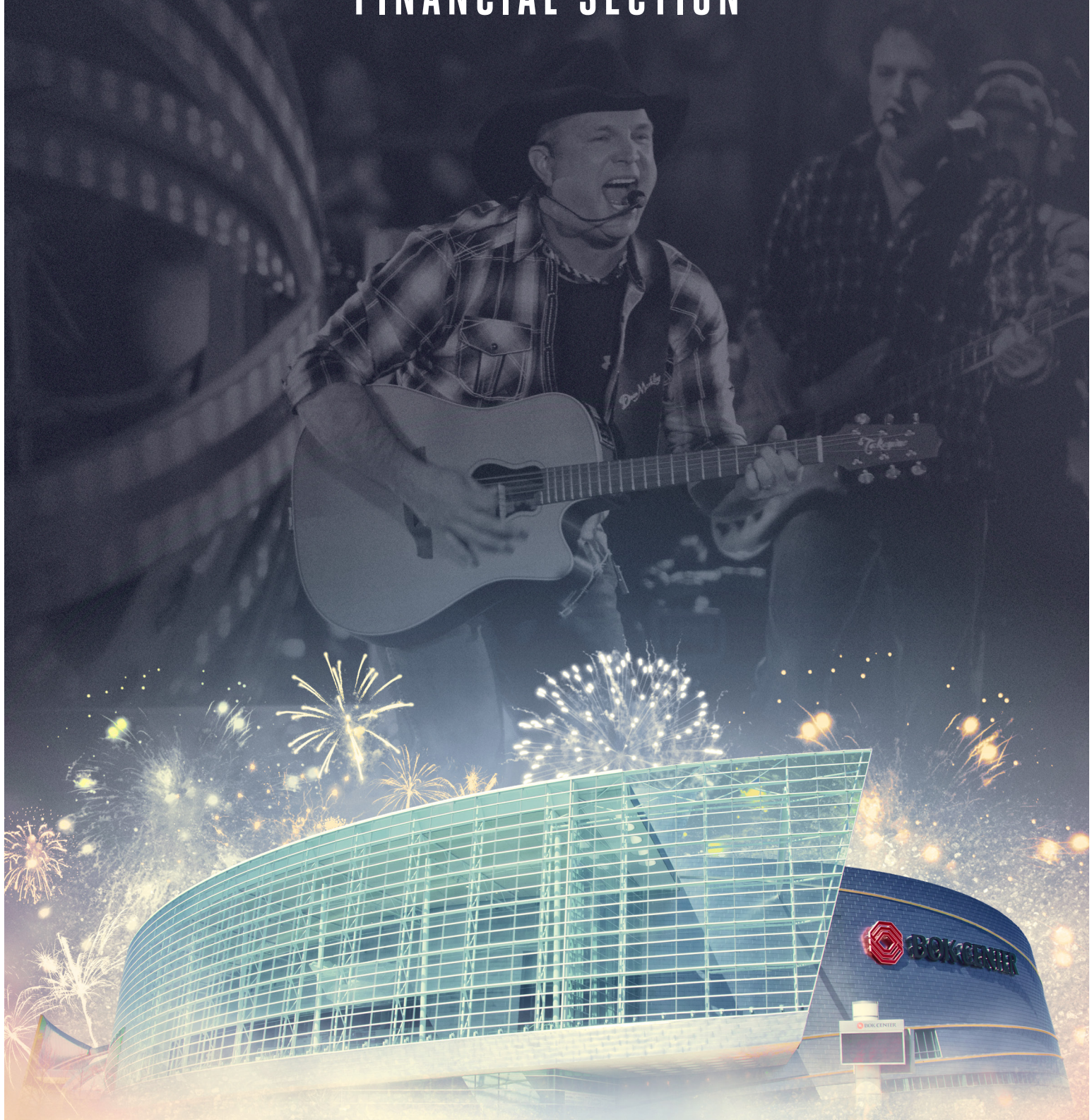
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

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
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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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.

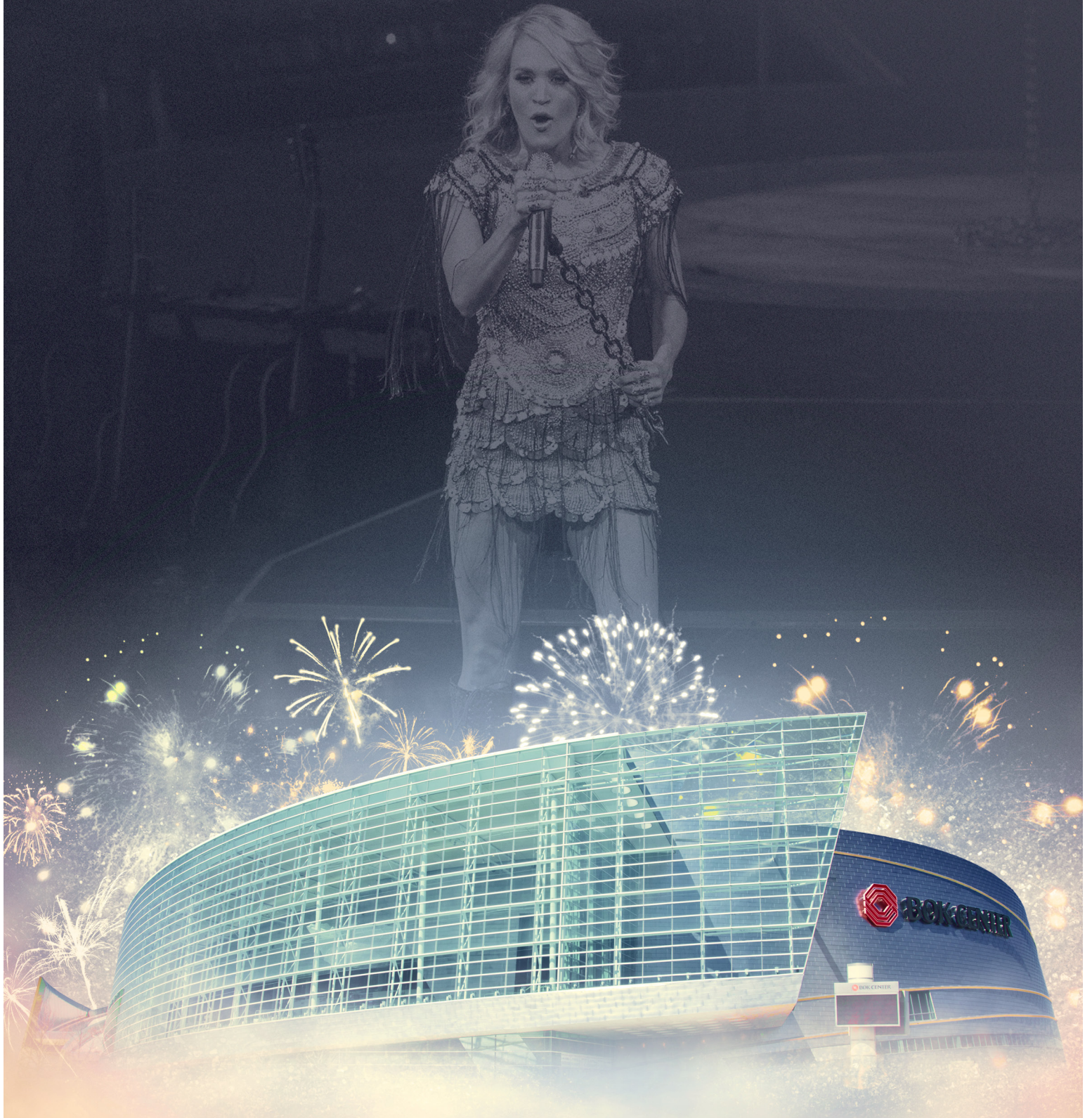
Contacting the City's Financial Management

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				Net (Expense) Revenue and Changes in Net Position			
	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	\$ -	\$ 13,293	\$ 72,367	\$ -	\$ -	\$ -	\$ 72,367
Refuse collection and disposal	24,853	-	7	-	2,295	-	-	2,295
Airport services	48,768	8,426	5,174	-	-	(1,383)	-	(1,383)
Other	30,960	7,276	8,147	-	-	-	(3,972)	(3,972)
	<u>\$ 272,199</u>	<u>\$ 15,702</u>	<u>\$ 26,621</u>	<u>\$ 72,367</u>	<u>\$ 2,295</u>	<u>\$ (1,383)</u>	<u>\$ (3,972)</u>	<u>\$ 69,307</u>
General revenues:								
Taxes:								
Sales taxes				-	-	-	122	122
Property taxes				3,674	-	-	1,165	4,839
Funding from primary government				-	-	-	7,699	7,699
Investment earnings				326	14	52	330	722
Miscellaneous				-	-	-	76	76
Gain on disposal of capital assets				415	83	-	-	498
Total general revenues				<u>4,415</u>	<u>97</u>	<u>52</u>	<u>9,392</u>	<u>13,956</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				<u>979,156</u>	<u>19,472</u>	<u>271,853</u>	<u>91,025</u>	<u>1,361,506</u>
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>

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					Total
	Stormwater Management	One Technology Center	Arena & Convention Center	Tulsa Stadium Trust	Golf Courses	
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				Total Component Units
	Tulsa Metropolitan Utility Authority	Tulsa Authority for Recovery of Energy	Tulsa Airports	Other 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
	<u>4,653</u>

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
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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
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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
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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%

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			Enhanced 911 Construction
			Sales Tax	Sales Tax				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			Actual		Variance with Final Budget	
	Original Budget	Revisions	Final Budget	Expenditures	Encumbrances		Total
	\$	\$	\$	\$	\$		\$
General government							
Departments:							
Mayor:							
Personnel services	811	140	951	896	-	896	
Materials & supplies	11	-	11	9	-	9	
Other services & charges	110	55	165	135	6	141	
City Auditor:							
Personnel services	1,062	(90)	972	949	-	949	
Materials & supplies	10	-	10	6	-	6	
Other services & charges	50	90	140	82	40	122	
City Council:							
Personnel services	1,163	-	1,163	1,037	-	1,037	
Materials & supplies	12	-	12	12	-	12	
Other services & charges	74	-	74	69	2	71	
Finance:							
Personnel services	5,863	(150)	5,713	5,554	-	5,554	
Materials & supplies	80	(5)	75	50	-	50	
Other services & charges	2,851	(386)	2,465	1,233	983	2,216	
Legal:							
Personnel services	3,319	(196)	3,123	3,123	-	3,123	
Materials & supplies	76	5	81	80	-	80	
Other services & charges	630	(9)	621	262	322	584	
Human Resources:							
Personnel services	2,677	60	2,737	2,737	-	2,737	
Materials & supplies	114	-	114	77	1	78	
Other services & charges	1,059	(100)	959	617	291	908	
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)

	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)

Continued	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	<u>5,566</u>	<u>-</u>	<u>5,566</u>	<u>5,566</u>	<u>-</u>	<u>5,566</u>	<u>-</u>
Payments to component units:							
Transfers to MTTA	7,344	-	7,344	7,344	-	7,344	-
Total expenditures, encumbrances, and transfers	<u>\$ 272,507</u>	<u>\$ 1,534</u>	<u>\$ 274,041</u>	<u>\$ 264,210</u>	<u>\$ 5,886</u>	<u>\$ 270,096</u>	<u>\$ 3,945</u>

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



WINT **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)

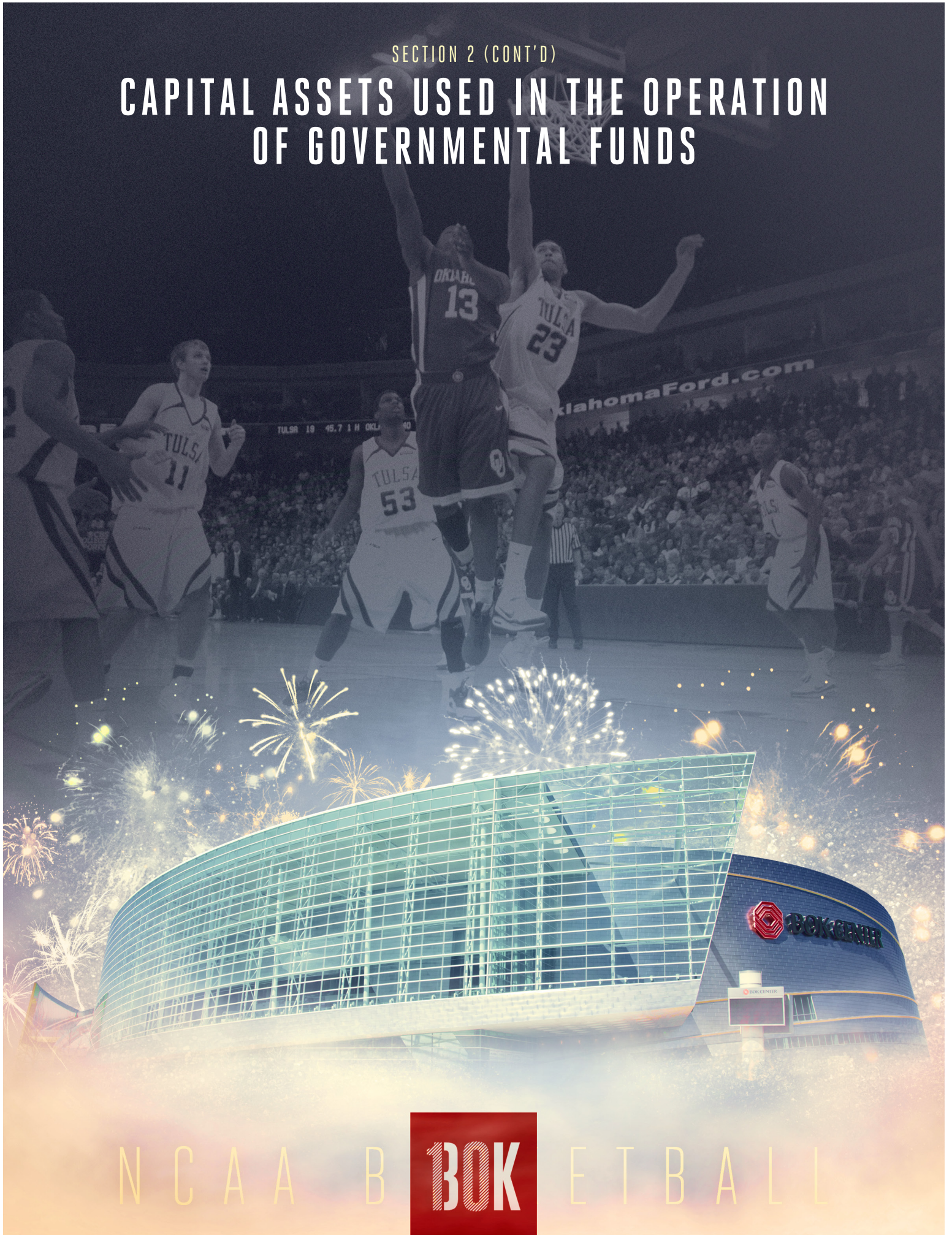
	Sewer Fund	Water Fund	Total
Operating revenues			
Water and sewer services	\$ 103,642	\$ 123,050	\$ 226,692
Operating expenses			
Salaries and wages	23,809	27,848	51,657
Materials and supplies	4,635	7,297	11,932
Other services and charges	18,692	23,576	42,268
Depreciation	20,128	18,913	39,041
	<u>67,264</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



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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)

Governmental Unit	Net General Bonded Debt	Estimated Percentage Applicable to City of Tulsa	Estimated Share Applicable to City of Tulsa
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
			286,932
City direct debt	\$ 631,703	100.0%	631,703
Total direct and overlapping debt			\$ 918,635

- 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			Debt Service Requirements			Coverage
			Available for Debt Service	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
			Revenue	Debt Service	Debt Service	Principal	Interest	
2017	\$ 2,450	\$ 235	\$	2,215	\$ 585	\$ 1,014	\$ 1,599	1.39
2016	2,505	332		2,173	570	1,032	1,602	1.36
2015	2,491	516		1,975	560	1,028	1,588	1.24
2014	2,689	919		1,770	383	1,946	2,329	0.76
2013	2,439	404		2,035	360	1,253	1,613	1.26
2012	2,663	427		2,236	339	1,217	1,556	1.44
2011	3,042	678		2,364	5,319	1,174	6,493	0.36
2010	18,303	733		17,570	289	141	430	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	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



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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

City of Tulsa, Oklahoma

Compliance Report
Year Ended June 30, 2017

Contents

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RSM US LLP

**Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditor's Report

To the Honorable Mayor, City Council and
Audit Committee
City of Tulsa, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, and have issued our report thereon dated December 19, 2017. Our report includes a reference to other auditors who audited the financial statements of the Tulsa Industrial Authority, a discretely presented component unit of the City, and the Tulsa Stadium Trust, a blended component unit of the City, as described in our report on the City's financial statements. In addition, other auditors audited the Operations of the BOK Center, as managed by SMG, and the Operations of the Cox Business Center, as managed by SMG, which are included within the Arena and Convention Center major enterprise fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Kansas City, Missouri
December 19, 2017



RSM US LLP

**Report on Compliance for Each Major Federal Program,
Report on Internal Control Over Compliance, and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

To the Honorable Mayor, City Council and
Audit Committee
City of Tulsa, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the City of Tulsa, Oklahoma's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Scope

The City of Tulsa, Oklahoma's basic financial statements include the operations of the Tulsa Airports Improvement Trust (TAIT), Tulsa Development Authority (TDA) and Tulsa Industrial Authority (TIA), discretely presented component units, and Tulsa Stadium Trust (TST), a blended component unit. Our audit, described below, did not include the operations of TST or TIA because these component units engaged other auditors to perform their June 30, 2017 audits. Our audit, described below, did not include the operations of TDA because they were not required to have a separate audit in accordance with the Uniform Guidance as their federal expenditures for the year ending June 30, 2017 were less than \$750,000. Our audit, described below, did not include the operations of TAIT because they issued a separate compliance report in accordance with the Uniform Guidance for the year ended June 30, 2017.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, aggregate discretely presented component units, each major fund and the aggregate remaining fund information of 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. We issued our report thereon dated December 19, 2017, which contained unmodified opinions on those financial statements. Our audit report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Kansas City, Missouri
December 19, 2017

CITY OF TULSA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number or Pass- Through Entity Identifying Number	Current Year Expenditures Federal	Amounts Provided to Subrecipients FYE June 30, 2017
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-40-0004 B-15-MC-40-0004 B-16-MC-40-0004	\$ 5,180,558	\$ 3,272,863
Emergency Solutions Grant Program	14.231	E-15-MC-40-0004 E-16-MC-40-0004	292,397	271,112
Home Investment Partnerships Program	14.239	M-14-MC-40-0202 M-15-MC-40-0202 M-16-MC-40-0202	1,364,648	873,518
Housing Opportunities for Persons with AIDS	14.241	OK-H14-F002 OK-H15-F002 OK-H16-F002	382,410	371,568
Total U.S. Department of Housing and Urban Development			7,220,013	4,789,061
U.S. DEPARTMENT OF THE INTERIOR				
<u>Pass-Through Oklahoma Historical Society</u>				
Historic Preservation Fund Grants-In Aid	15.904	16-608	12,236	-
Total U.S. Department of the Interior			12,236	-
U.S. DEPARTMENT OF JUSTICE				
<u>Pass-Through State District Attorney Council</u>				
Crime Victim Assistance	16.575	2015-VOCA-TULSA CI-053	8,304	-
Crime Victim Assistance	16.575	2016-VOCA-TULSA CI-108	10,441	-
Total Crime Victim Assistance			18,745	-
Crime Victim Assistance/Discretionary Grants	16.582	VAWA-2014-TULSA-PD-00019	119	-
Crime Victim Assistance/Discretionary Grants	16.582	VAWA-2015-TULSA-PD-00033	104	-
Crime Victim Assistance/Discretionary Grants	16.582	2016-VAWA-Tulsa PD-00016	1,320	-
Total Crime Victim Assistance/Discretionary Grants			1,543	-
Violence Against Women Formula Grants	16.588	VAWA-2015-TULSA-PD-00034	24,510	-
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	2014-WR-AX-0021	105,371	-
Direct Programs:				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2014-WE-AX-0013	194,193	125,770
Public Safety Partnership and Community Policing Grants	16.710	2012-UL-WX-0024	101,696	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0361	127,184	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0475	130,885	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0886	88,238	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0929	131,549	-
Total Edward Byrne Memorial Justice Assistance Grant Program			477,856	-
DNA Backlog Reduction Program	16.741	2014-DN-BX-0080	27,457	-
DNA Backlog Reduction Program	16.741	2015-DN-BX-0015	79,410	-
DNA Backlog Reduction Program	16.741	2016-DN-BX-0057	7,166	-
Total DNA Backlog Reduction Program			114,033	-

(Continued)

CITY OF TULSA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number or Pass- Through Entity Identifying Number	Current Year Expenditures Federal	Amounts Provided to Subrecipients FYE June 30, 2017
<u>Pass-Through State District Attorney Council</u>				
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	FSF15-005	4,611	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	FSF16-005	4,710	-
Total Paul Coverdell Forensic Sciences Improvement Grant Program			9,321	-
<u>Pass-Through Oklahoma State Bureau of Investigation</u>				
Recovery Act - Internet Crimes Against Children Task Force Program	16.800	2015-MC-FX-K033	3,362	-
Direct Programs:				
Byrne Criminal Justice Innovation Program	16.817	2016-AJ-BX-0007	21,348	-
Equitable Sharing Program	16.922	OK0720500	154,100	-
Total U.S. Department of Justice			1,226,078	125,770
U.S. DEPARTMENT OF TRANSPORTATION				
<u>Highway Planning and Construction Cluster</u>				
<u>Pass-Through Oklahoma Department of Transportation</u>				
Highway Planning and Construction	20.205	STP-172A(335)IG	2,598,596	-
Total Highway Planning and Construction Cluster			2,598,596	-
Federal Transit Cluster				
Direct Programs:				
Federal Transit Formula Grants	20.507	OK-90-X100-01	116,423	-
Federal Transit Formula Grants	20.507	OK-95-X003-00	50,001	-
Federal Transit Formula Grants	20.507	OK-90-X104-00	78,262	-
Federal Transit Formula Grants	20.507	OK-90-X109-00	98,783	-
Federal Transit Formula Grants	20.507	OK-95-X005-00	13,100	-
Federal Transit Formula Grants	20.507	OK-90-X113-00	22,072	-
Federal Transit Formula Grants	20.507	OK-95-X006-00	116,640	-
Federal Transit Formula Grants	20.507	OK-95-X008-00	116,013	-
Federal Transit Formula Grants	20.507	OK-90-X117-00	167,918	-
Federal Transit Formula Grants	20.507	OK-90-X122-00	1,756,487	-
Federal Transit Formula Grants	20.507	OK-2016-001-00	4,845,863	-
Federal Transit Formula Grants	20.507	OK-2016-005-00	40,032	-
Federal Transit Formula Grants	20.507	OK-2016-016-00	23,283	-
Total Federal Transit Cluster			7,444,877	-
Highway Safety Cluster				
<u>Pass-Through State of Oklahoma Highway Safety Office</u>				
State and Community Highway Safety	20.600	AL-16-03-17-09	7,319	-
State and Community Highway Safety	20.600	AL-17-03-12-10	64,145	-
Total Highway Safety Cluster			71,464	-
<u>Pass-Through Federal Highway Administration</u>				
National Infrastructure Investments	20.933	DTFH6115G0009	3,861,891	-
Total U.S. Department of Transportation			13,976,828	-

(Continued)

CITY OF TULSA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number or Pass- Through Entity Identifying Number	Current Year Expenditures Federal	Amounts Provided to Subrecipients FYE June 30, 2017
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Direct Programs:				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00F71001-0	46,362	-
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00F70901-0	3,445	-
Total U.S. Environmental Protection Agency			49,807	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<u>Pass-Through The University of North Carolina at Chapel Hill</u>				
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	5100907	32,733	-
Total U.S. Department of Health and Human Services			32,733	-
U.S. DEPARTMENT OF HOMELAND SECURITY				
<u>Pass-Through State of Oklahoma Dept. of Civil Emergency Management</u>				
Hazard Mitigation Grant	97.039	FEMA-4222-DR-OK-11	103,295	-
Hazard Mitigation Grant	97.039	FEMA-4222-DR-OK-13	1,876	-
Hazard Mitigation Grant	97.039	FEMA-4222-DR-OK-14	142,485	-
Total Hazard Mitigation Grants			247,656	-
Direct Program:				
Assistance to Firefighters Grant	97.044	EMW-2014-FP-00884	11,429	-
<u>Pass-Through State of Oklahoma Office of Homeland Security</u>				
State Homeland Security Grant Program (SHSP)	97.067	760.051	16,612	-
State Homeland Security Grant Program (SHSP)	97.067	660.038	15,182	-
Total State Homeland Security Grant Program			31,794	-
Direct Program:				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	2015 SAFER	949,897	-
Total U.S. Department of Homeland Security			1,240,776	-
Total Federal Expenditures			\$ 23,758,471	\$ 4,914,831

See notes to schedule of expenditures of federal awards.

City of Tulsa, Oklahoma

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 201**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Tulsa, Oklahoma (the City) and some of the City's component units for the year ended June 30, 2017. The schedule of expenditures of federal awards does not include the federal grant activity of the Tulsa Development Authority, the Tulsa Airport Improvement Trust and the Tulsa Industrial Authority, discretely presented component units of the City, and the Tulsa Stadium Trust, a blended component unit of the City. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies are included in the schedule. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in the schedule may differ from the amounts presented in or used in the preparation of the basic financial statements.

Note 2. Significant Accounting Policies

The accompanying schedule of federal awards is presented on the accrual basis of accounting in the proprietary funds and the modified accrual basis of accounting in the governmental funds. Expenditures of federal awards are recognized in the accounting period in which the liability is incurred. Such expenditures are reported following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The City elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

City of Tulsa, Oklahoma

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2017**

Number	Comment	Status	Corrective Action or Other Explanation
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None reported

City of Tulsa, Oklahoma

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200 516(a)? Yes No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
20.933	National Infrastructure Investments
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

- Auditee qualified as low-risk auditee? Yes No

(Continued)

City of Tulsa, Oklahoma

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2017**

II. Financial Statement Findings

A. Internal Control

No matters to report.

B. Compliance Findings

No matters to report.

III. Findings and Questioned Costs for Federal Awards

A. Internal Control

No matters to report.

B. Instances of Noncompliance

No matters to report.

