Financial Statements
June 30, 2022

City of Tulsa - Rogers County Port Authority

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
City of Tulsa - Rogers County Port Authority
Catoosa, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of City of Tulsa - Rogers County Port Authority (the Port Authority), a component unit of the City of Tulsa, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Port Authority as of June 30, 2022, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the Port Authority has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. No restatements were necessary with regards to this new standard. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the Port Authority's proportionate share of the net pension liability, and schedule of the Port Authority's contributions on pages 4 through 9 and 31 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2023 on our consideration of the Port Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Port Authority'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 Port Authority's internal control over financial reporting and compliance.

Eide Bailly LLP

Oklahoma City, Oklahoma
March 17, 2023

Management's Discussion and Analysis
June 30, 2022

City of Tulsa - Rogers County Port Authority

Our discussion and analysis of the financial performance of the City of Tulsa - Rogers County Port Authority (the Port Authority), d/b/a Tulsa Port of Catoosa, and Tulsa Ports (the Port), provides an overview of the Port Authority's financial activities for the year ended June 30, 2022. This discussion should be read in conjunction with the financial statements and other information to better understand the financial condition and performance of the Port Authority. Prior fiscal year information is presented for comparative purposes.

Financial Highlights

- During 2022, the Port Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* (GASB 87), effective July 1, 2021. The implementation established long-term lease receivables and related deferred inflows of resources for the Port Authority's long-term lease agreements with its tenants. See Note 3.

- The assets and deferred outflows of the Port Authority exceeded its liabilities and deferred inflows at the close of the 2022 fiscal year by $66,738,211 (net position). Of this amount, $5,113,988 (unrestricted net position), or 7.2%, may be used to meet the Port Authority's ongoing obligations. The assets and deferred outflows of the Port Authority exceeded its liabilities and deferred inflows at the close of the 2021 fiscal year by $65,821,369.

- The Port Authority's net position increased by $916,842 for the year ended June 30, 2022 due to capital grants/contributions in the 2022 fiscal year. The Port Authority's net position increased by $1,234,170 for the year ended June 30, 2021 due to capital grants in the 2021 fiscal year.

- Total operating revenues for year ended June 30, 2022 increased by $591,223, primarily due to an increase in lease and operating revenue. With the implementation of GASB 87, the classification of revenues changed, resulting in a decrease in other revenues and an increase in lease rental interest revenue.

- For the year ended June 30, 2022, actual financial operations of the Port were favorable compared to the operating budget prepared and approved by the Port Authority. Operating revenues of the Port Authority slightly exceeded the budget expectations. Non-operating revenues exceeded budget expectations as a result of capital grants/contributions. Expenses were slightly higher than the budget expectations, due in great part to contracting for rail consulting services after the budget had been approved.

Overview of the Financial Statements

The Port Authority was created to develop and operate the Tulsa Port of Catoosa (the Port). Its beneficiaries are the City of Tulsa and Rogers County.

The Port Authority reports its activities as an enterprise fund, a type of proprietary fund. Enterprise funds report business-type activities of a governmental unit. Enterprise fund financial reporting focuses on the determination of operating income (loss), changes in net position and cash flows. These financial statements consist of three sections: Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplemental information related to the Municipal Employees' Retirement Plan of The City of Tulsa, Oklahoma.

Financial Statements

The statement of net position present information on all of the Port Authority's assets and deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the Port Authority is improving or deteriorating. Net position is displayed in two components: net investment in capital assets and unrestricted.

Condensed Statements of Net Position
June 30, 2022 and 2021

	2022	2021 *
Current Assets	$ 10,642,212	$ 9,596,088
Lease Rental Receivables	13,537,048	15,602,039
Capital Assets, Net	61,688,285	62,558,501
Assets Held for Sale	239,645	239,645
Total assets	86,107,190	87,996,273
Total Deferred Outflows of Resources	362,622	387,642
Current Liabilities	818,844	783,722
Non-current Liabilities	3,147,540	2,789,330
Total liabilities	3,966,384	3,573,052
Total Deferred Inflows of Resources	15,765,217	18,989,494
Net Position		
Net Investment in Capital Assets	61,624,223	62,475,689
Unrestricted	5,113,988	3,345,680
Total net position	$ 66,738,211	$ 65,821,369

*2021 column above has been updated for implementation of GASB 87.

The statement of revenues, expenses, and changes in net position show the business-type activity of the Port Authority and provides information regarding income and expenses, both operating and non-operating, that affect net position.

Condensed Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2022 and 2021

	2022	2021 **
Revenues		
Operating Revenues		
Leases	$ 4,511,094	$ 4,012,928
Operating	3,940,731	3,527,284
Management fees	48,000	48,000
Other	22,638	343,028
Total operating revenues	8,522,463	7,931,240
Expenses		
Operating Expenses		
Personnel	1,389,741	1,146,947
General and administrative	785,214	657,954
Operations	2,582,997	2,149,420
Depreciation	4,216,840	4,123,354
Total operating expenses	8,974,792	8,077,675
Non-operating Revenue (Expense)		
Lease rental interest income	731,688	-
Interest income - other	80,873	104,670
Net change in the fair value of investments	(270,619)	(91,486)
Other	827,229	1,367,421
Net non-operating revenue	1,369,171	1,380,605
Change in Net Position	916,842	1,234,170
Net Position, Beginning of Year	65,821,369	64,587,199
Net Position, End of Year	$ 66,738,211	$ 65,821,369

**2021 column above has not been updated for implementation of GASB 87.

These statements contain the income and expenses of the Port Authority's operations.

Due to the implementation of GASB 87, a portion of previously-reported leases revenue is now shown as non-operating interest income. Lease rental interest revenue increased by $731,688 from $0 due to the implementation. This lease rental interest revenue is determined by the amortization of the present value of future payments expected to be received by the Port Authority as per the guidelines established by GASB 87. The structure of these schedules generally results in reduced interest components as time progresses.

The Port Authority's net position increased by $916,842 for the year ended June 30, 2022. The increase can be attributed primarily to a capital contribution from Rogers County for a wastewater study at the Port of Inola, offset by the loss in the fair value of investments plus an increase in operating revenues.

Changes in net position over time may serve as a useful indicator of the Port Authority's financial position. The Port Authority's assets and deferred outflows exceeded liabilities and deferred inflows by $66,738,211 at June 30, 2022 and $65,821,369 at June 30, 2021.

By far, the largest portion of the Port Authority's net position reflect its investment in capital assets comprised of land, streets, utilities, docks, and waterway channel improvements, net of related outstanding debt used to acquire those assets. The Port Authority uses these capital assets to operate the Port, enabling it to provide transportation and other services and to develop land for lease to industries for the creation of jobs and area economic development activities. Various Port Authority property included in the capital assets generates both operating income and non-operating income.

Funds designated by the Board of Directors for construction of capital improvements represent investments held in U.S. Treasury Notes fully guaranteed by the U.S. government. At June 30, 2022 and 2021, designated funds were approximately $4,300,000 and $3,300,000, respectively.

Statement of Cash Flows

The Statement of Cash Flows presents information showing how the Port Authority's cash and cash equivalents position changed during the year ended June 30, 2022. The statement classifies cash receipts and cash payments by Operating Activities, Noncapital Financing Activities, Investing Activities, and Capital and Related Financing Activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found starting on page 14 of this report.

Capital Asset and Debt Administration

Capital Assets

The largest portion of the Port Authority's total assets reflects its investment in capital assets of $61,688,285, or 72%, of total assets and $62,558,501, or 71%, of total assets at June 30, 2022 and 2021, respectively. This investment in capital assets includes land, buildings, infrastructure of streets, utilities, railroad, docks and waterway channel improvements, and machinery and equipment. In fiscal year 2022, construction in progress for campus upgrades, road and rail improvements, and channel repairs were completed and transferred to port improvements. In fiscal year 2021, construction in progress for campus upgrades, road and rail improvements, and dredging and channel repairs were completed and transferred to port improvements. See Note 4 to the financial statements.

Long-term Debt

At June 30, 2022 and 2021, the Port Authority had total debt outstanding of $64,062 and $82,812, respectively, representing Community Development Block Grant loans for the wharf cut, completed in approximately November 2006, and construction of offsite infrastructure improvements leased to a port tenant. See Note 6 to the financial statements.

Economic Factors and Next Year's Budget

In fiscal year 2022 and 2021, the Port Authority experienced financial impacts due to the COVID-19 pandemic and its correlation to an already depressed energy sector. In 2022, revenues began to rebound from the pandemic related slowdown. Additional expenses on the administrative side included necessary data security measures and upgrades, and the resumption of outreach activities. Additionally, we are anticipating fiscal 2023 revenues to remain fairly consistent with the year just ended and are cautiously optimistic about the potential for increase.

The Port Authority is the landlord developer of a 2,000-acre water port and industrial park (The Tulsa Port of Catoosa), and the new and largely undeveloped 2,000-acre Tulsa Port of Inola. The Port Authority has entered into long-term lease agreements with approximately 75 tenant industries and operators. Payments for current land leases and operating agreements for leasing Port improvements are scheduled to generate cash inflows of $3,102,451, $2,707,259, and $2,292,876 for the fiscal years 2023, 2024 and 2025, respectively. It is expected that expiring leases will be renewed at higher rates. The Port Authority earns additional revenues from railroad and barge shipping activities and, in certain agreements, revenues earned by operators of Port Authority facilities.

On December 27, 2019, Public Service Company of Oklahoma (PSO) transferred ownership of 2,013 acres along the Verdigris River in Inola, Rogers County, Oklahoma, with an estimated value of approximately $7,500,000, to the Port Authority for future economic development. The Port Authority purchased approximately 88 acres of land adjacent to the Inola property donated by PSO in December 2019. In fiscal year 2023, the Port Authority acquired another 200 acres from PSO revising the total acreage to approximately 2,300 acres. This total property, the Tulsa Port of Inola, will continue to be the focal point of new investment and will be marketed to attract future tenants/jobs to the region as a "megasite". As such, current and future grant opportunities will be tied to additional matching funds as the property is developed, marketed, leased and/or sold.

In fiscal year 2023, the Port Authority commenced construction on an approximate $18 million railroad project at the Port of Inola that will be funded in part by a grant through the US Department of Transportation's INFRA program in the amount of $6.1 million. Additionally, other partners, including the State of Oklahoma's Departments of Commerce and Transportation will contribute $6.6 million. Ultimately, the Port Authority's share in this project will total approximately $5.3 million. The project will be financed through a $14 million line of credit and is scheduled to be completed during fiscal year 2024.

The Port Authority approves its operating budget each year in June. The budget for the fiscal year ending June 30, 2023, projects total revenues of $9,000,001, total expenses of $11,340,105, including depreciation of $4,480,490 and net loss of $2,340,104, however earnings before depreciation is projected at $2,140,386. Income for land leases is projected to be $4,184,545 and income from operations to be $4,182,756.

Requests for Information

This financial report is designed to provide a general overview of the Port Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Tulsa Port of Catoosa, 5350 Cimarron Road, Catoosa, OK 74015-3027.

Assets	
Current Assets	
Cash and cash equivalents	$ 3,019,543
Investments	4,326,184
Receivables	
Accounts, net of allowance for doubtful accounts of $5,849	741,623
Lease rental	2,463,254
Interest	68,813
Prepaid expenses	22,795
Total current assets	10,642,212
Lease Rental Receivables, Net of Current Portion	13,537,048
Assets Held for Sale	239,645
Capital Assets, Non-depreciable	20,304,219
Capital Assets, Net of Depreciation	41,384,066
Total assets	86,107,190
Deferred Outflows of Resources	
Deferred outflows - pension	362,622
Total Deferred Outflows of Resources	362,622
Liabilities	
Current Liabilities	
Accounts payable and accrued expenses	420,060
Compensated absences	117,281
Current portion of long-term debt	18,750
Current portion of advance rental billings	262,753
Total current liabilities	818,844
Long-term Debt, Net of Current Portion	45,312
Long-term Advance Rental Billings, Net of Current Portion	1,400,213
Long-term Net Pension Liability	1,702,015
Total liabilities	3,966,384
Deferred Inflows of Resources	
Deferred inflows - pension	62,471
Deferred inflows - leases	15,702,746
Total Deferred Inflows of Resources	15,765,217
Net Position	
Net investment in capital assets	61,624,223
Unrestricted	5,113,988
Total net position	$ 66,738,211

Operating Revenues	
Lease	$ 4,511,094
Operations	3,940,731
Management fees	48,000
Other	22,638
Total operating revenues	8,522,463
Operating Expenses	
Personnel	1,389,741
General and administrative	785,214
Operations	2,582,997
Depreciation	4,216,840
Total operating expenses	8,974,792
Operating Income (Loss)	(452,329)
Non-operating Revenue (Expense)	
Lease rental interest	731,688
Interest income - other	80,873
Net decrease in the fair value of investments	(270,619)
Capital contributions	510,000
Other	317,229
Net non-operating revenue	1,369,171
Change in Net Position	916,842
Net Position, Beginning of Year	65,821,369
Net Position, End of Year	$ 66,738,211

Operating Activities	
Cash received from customers	$ 8,368,833
Cash paid to suppliers	(3,239,093)
Cash paid for salaries, employee benefits and taxes	(1,248,538)
Cash received from affiliate	48,000
Net Cash from Operating Activities	3,929,202
Capital and Related Financing Activities	
Cash received on lease receivables	382,478
Intergovernmental grants	625,000
Acquisition of capital assets	(3,170,848)
Principal payments on long-term debt	(18,750)
Net Cash used in Capital and Related Financing Activities	(2,182,120)
Investing Activities	
Purchases of investments	(4,562,998)
Sales and maturities of investments	3,265,000
Interest received on investments	75,901
Net Cash used for Investing Activities	(1,222,097)
Net Change in Cash and Cash Equivalents	524,985
Cash and Cash Equivalents, Beginning of Year	2,494,558
Cash and Cash Equivalents, End of Year	$ 3,019,543

Reconciliation of Operating Loss to Net	
Cash from Operating Activities	
Operating loss	$ (452,329)
Adjustments to reconcile operating loss to	
net cash from operating activities	
Depreciation and amortization	4,216,840
Changes in assets, liabilities, deferred inflows and outflows	
Accounts receivable	13,931
Prepaid expenses	(2,544)
Deferred outflows - pensions	25,020
Accounts payable and accrued expenses	131,662
Advance rental billings	(119,561)
Net pension liability	541,121
Compensated absences	313
Deferred inflows - pensions	(425,251)
Total adjustments	4,381,531
Net Cash from Operating Activities	$ 3,929,202
Supplemental Disclosure of Cash Flow Information	
Net realized and unrealized loss on investments	$ (270,619)
Capital asset additions included in accounts payable	$ 175,776
Increase of right to use lease rentals by increase in deferred inflows of resources	$ 402,371

Note 1 - Significant Accounting Policies

Organization and Reporting Entity

The City of Tulsa - Rogers County Port Authority (the Port Authority) was created to develop and operate the Tulsa Port of Catoosa (the Port). The Port Authority is governed by a nine-member board of directors. The City of Tulsa and Rogers County, Oklahoma appoint six and three members to the board, respectively. Activities of the Port Authority include leasing port improvements, land, and structures to various tenants, including Tulsa's Port of Catoosa Facilities Authority (the Facilities Authority), a related organization of the Port Authority. The Port Authority is the beneficiary of the Facilities Authority, a public trust created to finance and develop Port facilities. The Port Authority is responsible for appointing the board of directors for the Facilities Authority. The Port Authority’s accountability for this organization does not extend beyond making the appointments. The operating results of the Facilities Authority are not included in the financial statements of the Port Authority.

Approximately 40% of the Port Authority’s revenues for the year ended June 30, 2022, came from three customers. Three customers accounted for approximately 75% of accounts receivable at June 30, 2022.

The Port Authority has no component units, as defined by the Governmental Accounting Standards Board (GASB). In addition, the accompanying financial statements do not include any fiduciary funds.

The Port Authority is a component unit of the City of Tulsa, Oklahoma. These financial statements do not purport to, and do not present fairly, the financial position of the City of Tulsa, Oklahoma.

Basis of Accounting

The activities of the Port Authority are accounted for in a proprietary fund. Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to those found in the private sector. The measurement focus is on the determination of net income, financial position, and cash flows. As a result, the Port Authority uses the accrual method of accounting, whereby revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Port Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues consist of lease revenue from tenants and other revenue from usage of the Port. Operating expenses are costs associated with operating the Port Authority. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and on deposit and investments with initial maturities of three months or less.

Investments

Investments are stated at fair value, based upon quoted market prices. Investment income or loss (including realized and unrealized gains and losses on investments and investment income) is included in the statement of revenues, expenses, and changes in net position as increases or decreases in net position.

The Port Authority's investments have been designated by the Board of Directors for construction of capital improvements.

Fair Value Measurements

The Port Authority follows the guidance of GASB Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for determining a fair value measurement for financial reporting purposes. The Port Authority categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

> Level 1 input – Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.
>
> Level 2 input – Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the asset or liability.
>
> Level 3 input – Inputs that are unobservable for the asset or liability which are typically based upon the Authority’s own assumptions as there is little, if any, related market activity.

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

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

Accounts Receivable

An allowance for doubtful accounts is established by management based on past experience and analysis of current receivable collectability. Accounts receivable are short-term, non-interest bearing, and uncollateralized and are considered past due after 30 days.

Lease Rentals Receivable and Deferred Inflow of Resources

The Port Authority, as a lessor, recognizes a right to use lease rentals receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. The lease rentals receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources should be measured as the value of the lease rentals receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

The amortization of the lease rentals receivable and the recognition of the related interest revenue of each financing arrangement is determined using the effective interest method. Any payments received are allocated first to the interest receivable and then to the lease receivable. Deferred inflows of resources are recognized as inflows of resources (example, revenue) coinciding with the reduction of the lease receivables determined by the effective interest method. Interest income resulting from these lease financing arrangements is presented in the non-operating revenues section on the Statement of Revenues, Expenses, and Changes in Net Position.

Capital Assets

Capital assets are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the respective assets ranging from 3 to 30 years. Maintenance and repairs are charged to expense as incurred, whereas renewals and betterments are generally capitalized. Donated property is capitalized at its acquisition value at the date of the gift. The Port Authority follows the practice of capitalizing items over $5,000 with a useful life of more than one year.

The Port Authority records impairments to its capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated lives. Impairments are recorded to reduce the carrying value of the assets to their estimated fair values, as determined by the Port Authority, based on facts and circumstances in existence at the time of the determination, estimates of probable future economic conditions, and other information. No impairments were recorded in 2022.

Net Position

Net position represents the difference between assets, liabilities and deferred inflows/outflows. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Port Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. As of June 30, 2022, there was no restricted net position. Unrestricted net position is net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

Paid Time-Off Policy

Paid Time Off (PTO) for employees accrues at varying rates depending on length of service with no caps on the balance of their PTO account. Employees are eligible to be paid for their PTO not used at retirement using the current rate of pay.

Capital Grants/Contributions

Certain expenditures of the Port Authority are funded through various grants from local, state, and federal sources. These grants are considered earned as the related allowable expenses are incurred. Grants for capital asset acquisition and construction are reported in the statements of revenues, expenses, and changes in net position as capital grants.

During the year ended June 30, 2022, capital contributions were for expenditures incurred in connection with a wastewater treatment facility feasibility study at Inola.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement Plan (MERP) and additions to/deductions from MERP's fiduciary net position have been determined on the same basis as they are reported by MERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred outflows/inflows of resources

A deferred outflow of resources is a consumption of a government's net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of a government's net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The Port Authority records deferred outflows of resources and deferred inflows of resources related to its participation in the MERP and for certain long-term leases.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Implementation of New Standards

During 2022, the Port Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases,* effective July 1, 2021. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The implementation established long-term lease receivables and related deferred inflows of resources for the Port Authority's long-term lease agreements with its tenants.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020* (GASB 92). GASB 92 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. GASB 92 was adopted for the reporting period ending June 30, 2022 and did not have a significant effect on the Port Authority's financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, was issued in June 2020. GASB 97 requires that, for purposes of determining whether a primary government is financially accountable for a potential component unit (except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or other employee benefit plan), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically performs. Appointment of a voting majority is a criterion in existing standards used to determine whether a legally separate entity should be incorporated into the government's financial statements. The component unit determination provisions of GASB 97 were effective in fiscal year 2021. The remaining provisions of GASB 97 were adopted for the reporting period ending June 30, 2022 and did not have a significant effect on the Port Authority's financial statements.

Subsequent to Year-End

In September 2022, the Board of Directors of the Port Authority voted to accept a grant from the Economic Development Administration (EDA) in the amount of $22.32 million for the Port of Inola Industrial Wastewater Treatment Plant.

Note 2 - Cash and Cash Equivalents and Investments

The deposit balances of the Port Authority, which consist of cash balances, are categorized below to give an indication of the level of custodial credit risk assumed by the Port Authority at June 30, 2022.

Level of risk	
Insured by the Federal Deposit Insurance Corporation	$ 500,000
Collateralized with securities held by the pledging financial institution in the Port Authority's name	2,586,378
Total bank balances	$ 3,086,378
Total book balances	$ 3,019,543

It is the policy of the Port Authority to invest funds in insured or collateralized time-deposit accounts and direct obligations of the United States government. The Port Authority has certain guidelines, but no formal policies regarding credit risk, custodial risk, concentration of credit risk, and interest rate risk.

Investment balances as of June 30, 2022 were as follows:

	Carrying Amount	Maturities in years		Fair Value Measurement
		Less than 1	1 - 5	
Investment types				
U.S. Treasury Notes	$ 4,326,184	$ 489,273	$ 3,836,911	Level 2

Investments in U.S. Treasury notes are registered in the Port Authority's name. U.S. government and agency securities are reported at fair value level 2 as determined by the investment custodian utilizing prices quoted by securities dealers, brokers, investment banks or other services at the valuation date. U.S. Treasury notes are rated AA+ by Standard & Poor's and AAA by Moody's.

Net realized gain on sales of investments, during the year ended June 30, 2022, was $21,088.

Note 3 - Leases

Lessor

The Port Authority functions as a landlord whose primary operations consist of leasing the Tulsa Port of Catoosa. Based on the standards established by GASB Statement No. 87, *Leases*, the Port Authority is the lessor of seventy-one lease agreements with private entities meeting the classification requirements of long-term leases. For each of these leases, the Port Authority recognizes a lease rental receivable and a deferred inflow of resources. The discount rates used for the present value calculations for the leases is as follows:

1-5 years	4.0%
6-10 years	4.25%
11-15 years	4.5%
16-20 years	4.75%
21+ years	5.0%

In general, the Port Authority's leasing arrangements typically include one or more of the following sources of income: base rental revenue, security reimbursement, minimum annual guarantees and common area maintenance. To determine the schedule of future payments necessary to calculate the present value of each lease receivable, only base rental revenues, security revenue, minimum annual guarantees and guaranteed portions of common area maintenance are included. If a particular lease includes predetermined "step" increases for base rent throughout the lease term this information is included in the present value calculation. If base rent increases are based upon an index (such as the Consumer Price Index), future increases are not included in the present value calculation. These future increases will be recognized as inflows of resources (revenue) in the periods to which they relate. The lease terms used in the calculations begin the first year of the presentation of these financial statements. The end dates used in the calculations for each lease are either the end of the lease, the end of the lease including options to extend assuming these options meet the definition of noncancelable periods and are reasonably certain to be exercised, the end of the initial term if extensions are considered to be cancelable periods, or the useful life of the underlying assets. For the year ended June 30, 2022, lease related revenues (not including short-term leases nor insurance revenue) are recognized as follows:

Base rental revenue	$ 3,201,897
Other lease components	707,667
Interest	731,688
Total	$ 4,641,252

The schedule of future payments that are included in the measurement of the lease receivable, showing principal and interest separately, for each of the five subsequent fiscal years and in five-year increments thereafter are as follows:

Year ending June 30,	Principal	Interest	Total Payment
2023	$ 2,463,254	$ 639,197	$ 3,102,451
2024	2,163,209	544,050	2,707,259
2025	1,833,983	458,893	2,292,876
2026	1,604,453	384,966	1,989,419
2027	1,346,928	321,820	1,668,748
2028 - 2032	4,826,059	888,672	5,714,731
2033 - 2037	1,262,639	215,025	1,477,664
2038 - 2042	499,777	44,974	544,751
Total	$ 16,000,302	$ 3,497,597	$ 19,497,899

GASB No. 87 Excluded Leases Short-Term

In accordance with GASB No. 87, the Port Authority does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised.

Note 4 - Capital Assets, Including Donated Assets

Activity in capital assets for the year ended June 30, 2022, was as follows:

	June 30, 2021	Increases	Transfers	Decreases	June 30, 2022
Land (not depreciated)	$ 5,480,011	$ 2,960	$ -	$ -	$ 5,482,971
Construction in progress (not depreciated)	9,732,394	2,886,469	(5,297,615)	-	7,321,248
Total non-depreciable assets	15,212,405	2,889,429	(5,297,615)	-	12,804,219
Port improvements	79,559,004	-	531,650	(1,050)	80,089,604
Inola improvements	18,430	-	-	-	18,430
Grain tanks	1,056,728	-	-	-	1,056,728
Low water wharf	150,000	-	-	-	150,000
Machinery and equipment	9,874,271	448,398	4,601,635	(619,100)	14,305,204
Main office renovation	54,738	-	-	(54,738)	-
Office furniture and fixtures	232,847	8,797	164,330	(24,429)	381,545
Total depreciable assets	90,946,018	457,195	5,297,615	(699,317)	96,001,511
Less accumulated depreciation for					
Port improvements	(44,826,300)	(3,293,242)	-	1,050	(48,118,492)
Inola improvements	(461)	(1,843)	-	-	(2,304)
Machinery and equipment	(6,090,114)	(882,936)	-	619,100	(6,353,950)
Office furniture and fixtures	(183,047)	(38,819)	-	79,167	(142,699)
Total accumulated depreciation	(51,099,922)	(4,216,840)	-	699,317	(54,617,445)
Net capital assets, excluding donated assets	55,058,501	(870,216)	-	-	54,188,285
Donated assets					
Land (not depreciated)	7,500,000	-	-	-	7,500,000
Port improvements	930,547	-	-	-	930,547
Less accumulated depreciation	(930,547)	-	-	-	(930,547)
Net donated assets	7,500,000	-	-	-	7,500,000
Total capital assets, net	$ 62,558,501	$ (870,216)	$ -	$ -	$ 61,688,285

Construction in progress consists of expenditures incurred in connection with projects undertaken and incomplete at June 30, 2022. Future commitments under these projects are approximately $1.5 million.

On December 27, 2019, Public Service Company of Oklahoma (PSO) transferred ownership of 2,013 acres along the Verdigris River in Inola, Rogers County, Oklahoma, with an estimated value of approximately $7,500,000, to the Port Authority for future economic development. The Port Authority purchased approximately 88 acres of land adjacent to the Inola property donated by PSO in December 2019. In fiscal year 2023, the Port Authority acquired another 200 acres from PSO revising the total acreage to approximately 2,300 acres.

Certain assets from the above items are leased by the Port Authority to various tenants under leases. At June 30, 2022, these included:

Port improvements	$ 9,349,841
Grain tanks	1,056,728
Machinery and equipment	2,418,672
	12,825,241
Less accumulated depreciation	(8,947,589)
Net leased items	$ 3,877,652

At June 30, 2022, the Port Authority had approximately $240,000 of land held for sale.

Note 5 - Pledged Revenues

The Port Authority had pledged future revenues to repay approximately $2.4 million in notes payable issued in 2005 and 2007. Proceeds from the notes were used for construction of infrastructure improvement projects to benefit Port Authority tenants, a sewer line extension to provide sanitary sewer service along Port Authority property that fronts State Highway 67, and the purchase of 525 acres adjacent on the south edge of the Port. The remaining interest free note is payable through 2025, solely from the revenues. The Port Authority paid principal in 2022 of $18,750. At June 30, 2022, pledged future revenues totaled $64,062, which is the amount of the remaining principal on the note.

Note 6 - Long-term Liabilities

The Port Authority received advance rental billings from two leaseholders as payment for leases that expire in years 2025 and 2032. The advance rental billings are recognized as lease revenue in the year to which the payments apply.

At June 30, 2022, long-term debt consisted of the following:

0% note payable to Oklahoma Department of Commerce (ODOC), through Rogers County as agent for ODOC, through the Facilities Authority as agent for Rogers County. The note is due in monthly installments of $1,563. The note matures in November 2025 and is collateralized by a pledge of the Port Authority's revenues.	$ 64,062
Less current portion	(18,750)
Long-term debt, less current portion	$ 45,312

At June 30, 2022, debt service requirements of the Port Authority were as follows:

Year ended June 30,	Principal	Interest
2023	18,750	-
2024	18,750	-
2025	18,750	-
2026	7,812	-
2027	-	-
Total	$ 64,062	$ -

The long-term liability balances and activity for the year ended June 30, 2022, were as follows:

	June 30, 2021	Additions	Reductions	June 30, 2022	Amount Due Within One Year
Compensated absences	$ 116,968	$ 117,281	$ 116,968	$ 117,281	$ 117,281
Advance rental billings	1,782,527	127,473	247,034	1,662,966	262,753
Notes payable	82,812	-	18,750	64,062	18,750
Total long-term liabilities	$ 1,982,307	$ 244,754	$ 382,752	$ 1,844,309	$ 398,784

Note 7 - Risk Management

The Port Authority is exposed to various risks of loss related theft of, damage to, and destruction of assets; errors and omissions and natural disasters for which the Port Authority carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Note 8 - Commitments and Contingencies

In the normal course of operations, the Port Authority 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 ensure 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.

In fiscal year 2020, PSO donated land to the Port that was an estimated value of $7.5 million. The Port has a required investment of $3 million toward construction of railroad and infrastructure within 36 months. Approximately $2.4 million of the commitment has been expended as of June 30, 2022. The Port and PSO will jointly market the land for economic and industrial development for a minimum of ten years.

In fiscal year 2023, the Port Authority commenced construction on an approximate $18 million railroad project at the Port of Inola that will be funded in part by a grant through the US Department of Transportation's INFRA program in the amount of $6.1 million. Additionally, other partners, including the State of Oklahoma's Departments of Commerce and Transportation will contribute $6.6 million. Ultimately, the Port Authority's share in this project will total approximately $5.3 million. The project will be financed through a $14 million line of credit and is scheduled to be completed during fiscal year 2024.

Note 9 - Related Party Transactions

The Port Authority receives a management fee from the Facilities Authority. The fees were $48,000 for the year ended June 30, 2022.

The Port Authority leases certain real estate to the Facilities Authority, who subleases it to tenants. Substantially all lease revenues from the tenants are passed through to the Port Authority. Lease revenue received from the Facilities Authority was $201,537 in 2022. At June 30, 2022, no amount is due from the Facilities Authority.

Note 10 - Future Changes in Accounting Pronouncements

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This statement is effective for reporting periods beginning after June 15, 2022. The adoption of this accounting standard did not have a significant effect on the Port Authority's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations* was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB 91 will be implemented by the Port Authority in fiscal year 2023 and the impact has not yet been determined.

GASB Statement No. 100*, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, defines accounting changes and corrections of errors. The statement prescribes accounting and financial reporting for each type of accounting change and error corrections. The provisions of this statement are effective reporting periods beginning after June 15, 2023.

Note 11 - Pension and Retirement Benefits

Plan description: Employees of the Port Authority are provided with pensions through the Municipal Employee Retirement Plan (MERP)—a cost-sharing multiple-employer defined benefit pension plan administered by the City of Tulsa (City). MERP's financial statements and required supplementary information are included in the City of Tulsa's Annual Comprehensive Financial Report (ACFR). The report may be obtained by writing to the City of Tulsa, Office of the Controller, 175 E. 2nd Street, Suite 1570, Tulsa, Oklahoma 74103.

Benefits provided: MERP provides retirement, disability, and death benefits. Retirement benefits are determined based on the employee's highest 30 months of salary during the last five years of service and a multiplier, based on the years of service. Employees entering the plan prior to July 1, 2018, are eligible for full retirement at age 65, and at least 5 years of service, or when the years of service plus the employee's age equals or exceeds 80. Reduced benefits are available after age 55 and 5 years of service (Early retirement). Benefits for Early retirement are reduced 2.5% per year prior to age 65. Employees entering the plan on or after July 1, 2018, are eligible for full retirement at age 65, and at least 5 years of service, or when the years of service plus the employee's age equals or exceeds 90. Reduced benefits are available after age 60 and 5 years of service (Early retirement). Benefits for Early retirement are reduced 6.0% per year prior to age 65. Five years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as normal retirement. Death benefits for vested participants are, at the spouse's election, a refund of contribution plus interest or a life annuity of 50% of the member's accrued benefit determined based on final average earnings and service as of the date of death.

Contributions: Contributions are set per City of Tulsa ordinance. Employees were required to contribute 6.5 percent of their pensionable wages from July 1, 2020 to December 31, 2020 and then 7.5 percent thereafter. The Port Authority was required to contribute 16.5 percent of pensionable wages from July 1, 2021 to June 30, 2022. The participating employers are also responsible for Actuarially Determined Employer Contributions (ADEC) that exceeds the 16.5 percent of pensionable wages. Actual contributions to the pension plan from the Port Authority were $141,248 for the year ended June 30, 2022.

Asset Allocation and Long-term Expected Real Rate of Return, continued Asset Allocation and Long-term Expected Real Rate of Return: 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. Following is the Plan's asset allocation policy as of June 30, 2022, and the long-term expected arithmetic real rate of return for each major asset class:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	2.75%
Domestic equity	36%	6.00%
International equity	24%	4.50%
Real estate	12%	5.25%
Commodities/Timber	7%	4.50%
Cash	1%	0.50%
	100%	

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

For the years ended June 30, 2022 and 2021, the annual money-weighted rate of return on the Plan's investments, net of investment expense, was (8.8)% and 30.3%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusting for the changing amounts actually invested.

The MERP includes the use of significant estimates where required. Due to the long-term nature of defined-benefit pension plans, certain amounts, including the net pension liability, are based on actuarial mathematical models and estimates that project future expectations. The MERP provides results for a specific point in time, and changes in estimates, investment performance, and future cost expectations can have a material impact on the information presented from one year to the next.

Measurement date and valuation date: For 2022, the Plan had an annual actuarial valuation date of January 1, 2022, which was rolled forward from the valuation date using generally accepted actuarial principals and methods, to the Plan's measurement date of June 30, 2022.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation using the following assumptions:

Investment rate of return*	6.75%
Projected salary increases*	3.50-9.5%
* Includes inflation at 2.50%	
Mortality rates	PubG-2010 Mortality Tables, projected generationally with the ultimate rates of Scale MP-2021 from the 2010 base year

The actual assumptions used in the January 1, 2022, valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2020.

Expected Remaining Service Life of Members: Certain deferred inflow and deferred outflow calculations require amortization over the remaining service life of the Plan's members, including retirees. For the years ended June 30, 2022, 2021, 2020, 2019, and 2018, the membership's remaining service life was 4.2 years, 3.88 years, 3.91 years, 4.09 years, and 4.18 years, respectively.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the Port Authority reported a liability of $1,702,015, for its proportionate share of the net pension liability. The pension liability was calculated using a discount rate of 6.75%. The Port Authority's proportion of the net pension liability was based on the Port Authority's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2022, the Port Authority's proportion was 0.6332%, a decrease of 0.0087% from the prior year.

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 the participating employers will be made as specified in the Plan's funding policy. Beginning January 1, 2021 to June 30, 2022, the employer contribution rate was 16.5% of payroll and 17.65% thereafter. Based on those assumptions, the 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 the projected benefit payments to determine the total pension liability.

Sensitivity of the Port Authority's proportionate share of the net pension liability to changes in the discount rate: A net pension liability sensitivity comparison shows how a 1% change (both higher and lower) in the discount rate will affect the net pension liability. The following table presents the Port Authority's 2022 proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Port Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (5.75%) and 1% higher (7.75%).

	1% Decrease (5.75%)	**Current Discount Rate (6.75%)**	**1% increase (7.75%)**
2022	$ 2,310,478	$ 1,702,015	$ 1,192,758

Changes in Assumptions - On occasion, as the result of an experience study or other actuarial considerations, certain assumptions used for estimates may need to be changed. When this occurs, the Plan will generally experience an increase or decrease in either deferred inflows or deferred outflows. These amounts are amortized as pension expense over the remaining service life as a portion of pension expense. The Plan's most recent actuarial experience study was for the 5-year period from January 1, 2016 to December 31, 2020 and was applied to the January 1, 2022 valuation. Significant assumption changes include use of an updated mortality projection scale and updated contingent survivor table.

For the year ended June 30, 2022, the Port Authority recognized pension expense of $140,890. At June 30, 2022, the Port Authority 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	$ 38,270	$ 2,272
Changes of assumptions	114,419	45,543
Net difference between projected and actual earnings on pension plan investments	114,799	-
Changes in proportion and differences between Port Authority's contributions and proportionate share of contributions	95,134	14,656
Total	$ 362,622	$ 62,471

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

Year ended June 30,	Deferred Outflow	Deferred Inflow	Net Deferred Outflow (Inflow)
2023	$ 123,971	$ (20,830)	$ 103,141
2024	107,089	(20,664)	86,425
2025	68,316	(20,594)	47,722
2026	63,246	(383)	62,863
Total	$ 362,622	$ (62,471)	$ 300,151

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the City of Tulsa's Annual Comprehensive Financial Report, which can be located at www.cityoftulsa.org.

Required Supplementary Information
June 30, 2022

City of Tulsa - Rogers County Port Authority

Schedule of Port Authority's Proportionate Share of the Net Pension Liability and Schedule of Employer Contributions

The Municipal Employees' Retirement Plan of The City of Tulsa, OK

Last nine fiscal years

Year	Port Authority's proportion of net pension liability	Port Authority's proportionate share of net pension liability	Port Authority's covered payroll	Port Authority's proportionate share of net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.6332%	$ 1,702,015	$ 856,046	198.82%	66.62%
2021	0.6419%	1,160,894	838,366	138.47%	76.92%
2020	0.5829%	1,480,352	763,595	193.87%	65.22%
2019	0.5210%	1,223,497	647,080	189.08%	66.91%
2018	0.5087%	998,683	607,561	164.38%	70.61%
2017	0.6305%	1,245,678	734,555	169.58%	69.39%
2016	0.6078%	1,314,749	713,602	184.24%	65.62%
2015	0.6678%	836,448	692,037	120.87%	77.13%
2014	0.7026%	784,949	778,931	100.77%	79.29%

Changes of assumptions. Since the 2021 valuation was prepared for the plan, the mortality projection scale has been updated to reflect the most recently published full scale by the Society of Actuaries. Furthermore, the mortality table for contingent survivors has been updated to reflect the mortality table recommended for such participants in the Society of Actuaries Pub-2010 Public Plans Mortality Tables Report. Significant assumption changes for the 2021 valuation include use of new mortality tables and a decrease in the investment rate of return. There were no assumption changes for the 2020 valuation. Effective for the January 1, 2019 valuation the Plan made changes to its inflation rate with a corresponding change in the investment rate of return and the salary scale. In addition, the payroll growth rate assumption was decreased. In 2016, amounts reported as changes in assumptions resulted primarily from the changes in the mortality table and discount rate from 7.75% to 7.50%.

Note to Schedule: Only nine fiscal years are presented because 10-year data is not yet available.

Year	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Port Authority's covered payroll	Contributions as a percentage of covered payroll
2022	$ 141,248	$ 141,248	$ -	$ 856,046	16.50%
2021	143,109	134,139	8,970	838,366	16.00%
2020	133,782	118,357	15,425	763,595	15.50%
2019	99,586	100,297	(711)	647,080	15.50%
2018	93,504	94,172	(668)	607,561	15.50%
2017	109,081	85,510	23,571	734,555	11.64%
2016	75,927	85,190	(9,263)	713,602	11.94%
2015	76,055	86,050	(9,995)	692,037	12.43%
2014	85,916	84,333	1,583	778,931	10.83%

Note to Schedule: Only nine fiscal years are presented because 10-year data is not yet available.

Other Report
June 30, 2022

City of Tulsa - Rogers County Port Authority

Independent Auditor's 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*

To the Board of Directors
City of Tulsa - Rogers County Port Authority
Catoosa, 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 City of Tulsa - Rogers County Port Authority (the Port Authority) , which comprise the statement of net position as of June 30, 2022, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 17, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port Authority'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 Port Authority's consolidated financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Port Authority'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 financial statements. 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 Port Authority'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 Port Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Oklahoma City, Oklahoma
March 17, 2023