

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)

FINANCIAL REPORT
June 30, 2019 and 2018

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
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Years Ended June 30, 2019 and 2018

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RSM US LLP

Independent Auditor's Report

Board of Trustees
Tulsa Metropolitan Utility Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Tulsa Metropolitan Utility Authority (the Authority), a component unit of the City of Tulsa, Oklahoma, as of and for the years ended June 30, 2019 and 2018, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Authority, as of June 30, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

RSM US LLP

Kansas City, Missouri
November 27, 2019

**TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT’S DISCUSSION AND ANALYSIS
Years Ended June 30, 2019 and 2018**

As management of the Tulsa Metropolitan Utility Authority (the “Authority”), a component unit of the City of Tulsa, Oklahoma (the “City”), we offer readers of the Authority’s financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended June 30, 2019 and 2018. We encourage readers to consider the information presented here in conjunction with the Authority’s financial statements, which begin on page 10. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the current year by \$1,218,821. Of this amount, \$179,623 is unrestricted and may be used to meet the Authority’s ongoing obligations.
- The Authority’s net position increased from \$1,146,274 at June 30, 2018 to \$1,218,821 at June 30, 2019. During 2019, the Authority generated an increase in net position of \$72,547 compared to an increase in net position of \$86,663 during 2018.
- The Authority’s cash and cash equivalents at June 30, 2019, were \$300,845, representing an increase of \$27,273 from June 30, 2018.

Overview of the Financial Statements

The Authority, a legally separate public trust, is reported by the City as a discretely presented component unit in the City’s Comprehensive Annual Financial Report. The primary function of the Authority is to provide for water delivery and wastewater utility systems.

This discussion and analysis is intended to serve as an introduction to the Authority’s audit report. The audit report consists of two parts: management’s discussion and analysis, and the financial statements. The financial statements also include notes that explain in more detail some of the information in the financial statements.

**TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
Years Ended June 30, 2019 and 2018**

Financial Statements

The Authority uses fund accounting in its 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 Authority has one fund type, proprietary, and reports two enterprise funds. Enterprise funds are used to report the functions presented as business-type activities.

These statements offer short-term and long-term financial information about its activities. The Statement of Net Position includes all of the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the financial success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The third financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and changes in cash resulting from operating, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the period.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
Years Ended June 30, 2019 and 2018

Net Position

The Authority's net position increased \$72,547 for the year ended June 30, 2019 and \$86,663 for the year ended June 30, 2018. The following table provides a summary of net position.

SUMMARY OF NET POSITION

	<u>2019</u>	<u>2018</u>	<u>2017</u> <u>(as restated)</u>
Current assets, unrestricted	\$ 251,254	\$ 229,353	\$ 186,406
Restricted assets	84,506	99,013	106,180
Capital assets, net	1,332,976	1,287,972	1,254,038
Other assets	<u>27,850</u>	<u>26,036</u>	<u>19,787</u>
Total assets	<u>1,696,586</u>	<u>1,642,374</u>	<u>1,566,411</u>
Total deferred outflows of resources	<u>12,772</u>	<u>9,709</u>	<u>15,139</u>
Current liabilities	72,102	74,493	65,453
Noncurrent liabilities	<u>413,959</u>	<u>426,187</u>	<u>447,165</u>
Total liabilities	<u>486,061</u>	<u>500,680</u>	<u>512,618</u>
Total deferred inflows of resources	<u>4,476</u>	<u>5,129</u>	<u>9,321</u>
Net investment in capital assets	1,024,339	967,854	928,441
Restricted	14,859	14,091	13,145
Unrestricted	<u>179,623</u>	<u>164,329</u>	<u>118,025</u>
Total net position	<u>\$ 1,218,821</u>	<u>\$ 1,146,274</u>	<u>\$ 1,059,611</u>

In 2019 total assets increased \$54,212. The increase in unrestricted current assets of \$21,901 is primarily related to increases in cash of \$25,658, partially offset by decrease in net utilities receivables of \$4,450. The net decrease in restricted assets of \$14,507 is primarily attributable to spending of debt proceeds to fund capital expansion offset by proceeds of debt issued in the current year to fund capital expansion. The \$45,004 increase in capital assets is consistent with the improvement and expansion of both utility systems and is necessary to provide adequate services to our customers and to assure compliance with all applicable laws and regulations. Total deferred outflows of resources increased \$3,063 due to an increase in deferred outflows of pension related resources of \$3,264, partially offset by a decrease in deferred charge on refunding of previous revenue bonds of \$124. Total liabilities decreased \$14,619 due primarily to decreases in promissory notes of \$13,166, general obligation debt of \$3,631, revenue bonds of \$6,620, watermain extension contracts of \$677 and accrued liabilities of \$2,373 offset by increases in net pension liability of \$10,443, deposit subject refund of \$726 and unamortized bond premiums of \$781. Total deferred inflows of resources decreased \$653 primarily due to decreases in deferred property taxes revenue of \$735 offset by increases in deferred inflows of resources related to other postemployment benefits.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
Years Ended June 30, 2019 and 2018

In 2018 total assets increased \$75,963. The increase in unrestricted current assets of \$42,947 is primarily related to increases in cash of \$39,020 and net utilities receivables of \$4,301. The net decrease in restricted assets of \$7,167 is attributable to spending of debt proceeds to fund capital expansion offset by proceeds of debt issued in the current year to fund capital expansion. The \$33,934 increase in capital assets is consistent with the improvement and expansion of both utility systems and is necessary to provide adequate services to our customers and to assure compliance with all applicable laws and regulations. Total deferred outflows of resources decreased \$5,430 due to a decrease in deferred outflows of pension related resources of \$4,906 and a decrease in deferred charge on refunding of previous revenue bonds of \$557. Total liabilities decreased \$11,938 due primarily to decreases in promissory notes of \$7,374, general obligation debt of \$4,373, revenue bonds of \$2,400, unamortized bond premiums of \$2,218, watermain extension contracts of \$2,181 and net pension liability of \$1,512 offset by increases in accrued liabilities of \$7,926. Total deferred inflows of resources decreased \$4,192 primarily due to decreases in deferred inflows of pension related resources of \$3,861 and deferred property taxes revenue of \$323.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
Years Ended June 30, 2019 and 2018

SUMMARY OF CHANGES IN NET POSITION

	<u>2019</u>	<u>2018</u>	<u>2017</u> <u>(as restated)</u>
Operating revenue	\$ 234,766	\$ 237,673	\$ 226,692
Nonoperating revenue	2,470	2,701	4,089
Investment income	<u>7,098</u>	<u>1,780</u>	<u>326</u>
Total revenues	<u>244,334</u>	<u>242,154</u>	<u>231,107</u>
Depreciation expense	40,590	38,590	39,041
Other operating expense	116,617	104,550	106,067
Nonoperating expense	<u>25,307</u>	<u>25,690</u>	<u>22,720</u>
Total expenses	<u>182,514</u>	<u>168,830</u>	<u>167,828</u>
Income before contributions	61,820	73,324	63,279
Capital contributions	10,156	12,896	12,990
Capital contributions from City of Tulsa	<u>571</u>	<u>443</u>	<u>303</u>
Total capital contributions	<u>10,727</u>	<u>13,339</u>	<u>13,293</u>
Change in net position	72,547	86,663	76,572
Net position, beginning of year	<u>1,146,274</u>	<u>1,059,611</u>	<u>983,039</u>
Net position, end of year	<u>\$ 1,218,821</u>	<u>\$ 1,146,274</u>	<u>\$ 1,059,611</u>

In 2019, total revenues increased \$2,180, due primarily to increased investment income of \$5,318 offset by decreases in operating revenue of \$2,907 resulting from decreased water consumption. Increases in investment income were related to higher cash and investment balances. Other operating expenses increased \$12,067, due primarily to increases in in personal services of \$9,883 and other services and charges of \$2,278 related to increases in water and sewer line repairs and internal equipment management services offset by decrease in materials and supplies of \$94. Nonoperating expenses decreased \$383, due to a decrease in interest expense of \$501 offset by increases in payments in lieu of taxes (“PILOT”) of \$57 as well as bond issuance costs of \$61. As a result of these changes, net position increased \$72,547 during the year.

In 2018, total revenues increased \$11,047, due primarily to increased operating revenue resulting from increased rates for both water and wastewater. Other operating expenses decreased \$1,517, due primarily to decreased other services and charges of \$1,217 due to decreases water and sewer line repairs as well as decreases in materials and supplies of \$548 offset by increases in personal services of \$248. Nonoperating expenses increased \$2,970, due to an increase in interest expense of \$2,195 and payments in lieu of taxes (“PILOT”) of \$1,017, based on higher water and sewer service revenue offset by decreases in bond issuance costs of \$242. Investment income increased \$1,454 related to higher cash and investment balances. As a result of these changes, net position increased \$86,663 during the year.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
Years Ended June 30, 2019 and 2018

Capital Assets

The Authority's investment in capital assets as of June 30, 2019 and 2018 was \$1,332,976 and \$1,287,972, respectively (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, equipment and a water storage lease. The Authority paid \$77,333 and \$55,306 during 2019 and 2018, respectively, related to the acquisition and purchase of capital assets.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land	\$ 36,747	\$ 35,904	\$ 34,772
Water storage lease	9,593	9,593	9,593
Buildings	51,205	50,293	49,148
Equipment	79,055	75,842	71,266
Land improvements, water and sewer lines	1,885,273	1,802,888	1,735,163
	<u>2,061,873</u>	<u>1,974,520</u>	<u>1,899,942</u>
Less accumulated depreciation	(784,962)	(745,859)	(709,707)
Construction-in-progress	56,167	59,311	63,803
	<u>1,333,078</u>	<u>1,287,972</u>	<u>1,254,038</u>
Capital assets, net	<u>\$ 1,333,078</u>	<u>\$ 1,287,972</u>	<u>\$ 1,254,038</u>

Debt

At June 30, 2019 and 2018, the Authority had outstanding general obligation bonded debt of \$9,985 and \$13,616, respectively. These bonds are required to be fully paid within 25 years from the date of issue and are backed by the full faith and credit of the City. The City's Charter requires that not less than 50% of the annual principal and interest requirements on general obligation bonds issued for waterworks and wastewater be funded by water and wastewater revenues, respectively.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
General obligation bonds	\$ 9,985	\$ 13,616	\$ 17,989
Revenue bonds	174,600	181,220	183,620
Promissory notes	173,055	186,221	193,595
	<u>357,640</u>	<u>381,057</u>	<u>395,204</u>
Total debt	<u>\$ 357,640</u>	<u>\$ 381,057</u>	<u>\$ 395,204</u>

During 2019, the Authority issued new debt to fund improvements to the water and wastewater systems. The Authority's debt decreased \$23,417 or 6.1% during 2019. As an issuer of bonds, the Authority is subject to numerous covenants contained within the bond indentures. The Authority is in full compliance with all of these covenants.

**TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
Years Ended June 30, 2019 and 2018**

Funds

The Authority has two funds, the Water Fund and the Sewer Fund. At June 30, 2019, the Water Fund net position of \$630,378 reflected an increase of \$34,951 from the net position of \$595,427 at June 30, 2018. At June 30, 2019, the Sewer Fund net position of \$588,443 reflected an increase of \$37,596 from the net position of \$550,847 at June 30, 2018.

Economic factors and next year's budgets and rates

At the national level, unemployment declined to 3.7 percent at June 30, 2019. Unemployment in the City of Tulsa was 3.2 percent at the end of fiscal year 2019 compared to 4.2 percent at the end of fiscal year 2018. The Authority continues to have consistent accounts receivable collections.

The Authority's appointed officials considered many factors when setting the fees that will be charged for water and sewer services in 2019. The Authority approved a 1 percent increase in water fees and a 9 percent increase in sewer fees beginning in October 2019. The fee increases are to fund operations, maintenance, debt service, and capital improvements.

Requests for Information

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

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF NET POSITION
June 30, 2019 and 2018

(In thousands of dollars)	2019			2018		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 134,988	\$ 81,351	\$ 216,339	\$ 120,516	\$ 70,165	\$ 190,681
Cash and cash equivalents, restricted	18,490	8,691	27,181	17,781	8,236	26,017
Accounts receivable:						
Utility services receivable, net	14,664	14,905	29,569	19,259	14,760	34,019
Other receivables	391	1,156	1,547	437	224	661
Property tax receivable	-	1,279	1,279	-	2,014	2,014
Prepaid expenses	271	163	434	-	-	-
Inventories	1,935	151	2,086	1,859	119	1,978
Total current assets	<u>170,739</u>	<u>107,696</u>	<u>278,435</u>	<u>159,852</u>	<u>95,518</u>	<u>255,370</u>
Noncurrent assets:						
Cash and cash equivalents, restricted	29,595	27,730	57,325	24,633	32,241	56,874
Investments, restricted	-	-	-	8,353	7,769	16,122
Interest receivable	52	94	146	75	89	164
Advances to primary government	-	-	-	-	5	5
Equity interest in joint venture	-	27,704	27,704	-	25,867	25,867
Nondepreciable capital assets	59,544	42,861	102,405	56,196	48,612	104,808
Depreciable capital assets, net	<u>546,318</u>	<u>684,253</u>	<u>1,230,571</u>	<u>531,114</u>	<u>652,050</u>	<u>1,183,164</u>
Total noncurrent assets	<u>635,509</u>	<u>782,642</u>	<u>1,418,151</u>	<u>620,371</u>	<u>766,633</u>	<u>1,387,004</u>
Total assets	<u>\$ 806,248</u>	<u>\$ 890,338</u>	<u>\$ 1,696,586</u>	<u>\$ 780,223</u>	<u>\$ 862,151</u>	<u>\$ 1,642,374</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	2,065	259	2,324	2,099	349	2,448
Pension related items	5,429	4,658	10,087	3,649	3,174	6,823
Other postemployment benefits related items	<u>196</u>	<u>165</u>	<u>361</u>	<u>236</u>	<u>202</u>	<u>438</u>
Total deferred outflows of resources	<u>\$ 7,690</u>	<u>\$ 5,082</u>	<u>\$ 12,772</u>	<u>\$ 5,984</u>	<u>\$ 3,725</u>	<u>\$ 9,709</u>

(Continued)

The accompanying notes are an integral part of the financial statements

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF NET POSITION, Continued
June 30, 2019 and 2018

	2019			2018		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 11,060	\$ 14,872	\$ 25,932	\$ 11,007	\$ 17,298	\$ 28,305
Current portion of watermain extension contracts	84	-	84	347	-	347
Current portion of compensated absences	1,392	1,221	2,613	1,434	1,212	2,646
Current portion of water storage lease	220	-	220	213	-	213
Deposits subject to refund	11,253	631	11,884	10,577	581	11,158
Current portion of general obligation debt	-	2,339	2,339	-	3,632	3,632
Current portion of promissory notes	-	13,530	13,530	-	13,327	13,327
Current portion of revenue bonds	10,815	4,685	15,500	10,700	4,165	14,865
Total current liabilities	34,824	37,278	72,102	34,278	40,215	74,493
Noncurrent liabilities:						
General obligation debt	-	7,646	7,646	-	9,984	9,984
Promissory notes	-	159,525	159,525	-	172,894	172,894
Revenue bonds	102,090	57,010	159,100	117,090	49,265	166,355
Unamortized bond premium	4,978	10,960	15,938	2,758	12,399	15,157
Watermain extension contracts	-	-	-	414	-	414
Compensated absences	736	645	1,381	618	523	1,141
Total OPEB liability	1,147	983	2,130	1,190	1,035	2,225
Net pension liability	35,012	30,280	65,292	29,312	25,537	54,849
Water storage lease	2,947	-	2,947	3,168	-	3,168
Total noncurrent liabilities	146,910	267,049	413,959	154,550	271,637	426,187
Total liabilities	\$ 181,734	\$ 304,327	\$ 486,061	\$ 188,828	\$ 311,852	\$ 500,680
DEFERRED INFLOWS OF RESOURCES						
Deferred gain on refunding	-	38	38	-	53	53
Pension related items	1,719	1,238	2,957	1,898	1,072	2,970
Other postemployment benefits related items	107	95	202	54	38	92
Property tax revenue	-	1,279	1,279	-	2,014	2,014
Total deferred inflows of resources	\$ 1,826	\$ 2,650	\$ 4,476	\$ 1,952	\$ 3,177	\$ 5,129
NET POSITION						
Net investment in capital assets	509,744	514,595	1,024,339	482,311	485,543	967,854
Restricted for debt service	6,170	8,689	14,859	6,033	8,058	14,091
Unrestricted	114,464	65,159	179,623	107,083	57,246	164,329
Total net position	\$ 630,378	\$ 588,443	\$ 1,218,821	\$ 595,427	\$ 550,847	\$ 1,146,274

The accompanying notes are an integral part of the financial statements

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended June 30, 2019 and 2018

(In thousands of dollars)	2019			2018		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Operating revenues:						
Water and sewer services	\$ 119,529	\$ 115,237	\$ 234,766	\$ 127,837	\$ 109,836	\$ 237,673
Operating expenses:						
Personnel services	33,017	28,981	61,998	27,837	24,278	52,115
Materials and supplies	7,011	4,279	11,290	7,122	4,262	11,384
Other services and charges	22,377	20,952	43,329	21,579	19,472	41,051
Depreciation	18,638	21,952	40,590	17,683	20,907	38,590
Total operating expenses	81,043	76,164	157,207	74,221	68,919	143,140
Operating income	38,486	39,073	77,559	53,616	40,917	94,533
Nonoperating revenues (expenses):						
Investment income	4,532	2,566	7,098	1,057	723	1,780
Interest and amortization expense	(3,610)	(7,325)	(10,935)	(3,994)	(7,442)	(11,436)
Bond issuance costs	(112)	(159)	(271)	-	(210)	(210)
Ad valorem taxes	-	1,979	1,979	-	2,410	2,410
Payments in lieu of taxes to City of Tulsa	(7,176)	(6,925)	(14,101)	(7,515)	(6,529)	(14,044)
Other, net	208	283	491	211	80	291
Net nonoperating expenses	(6,158)	(9,581)	(15,739)	(10,241)	(10,968)	(21,209)
Income before capital contributions	32,328	29,492	61,820	43,375	29,949	73,324
Capital contributions	2,623	7,533	10,156	4,580	8,316	12,896
Capital contributions from City of Tulsa	-	571	571	-	443	443
Total capital contributions	2,623	8,104	10,727	4,580	8,759	13,339
Change in net position	34,951	37,596	72,547	47,955	38,708	86,663
Net position, beginning of year	595,427	550,847	1,146,274	547,472	512,139	1,059,611
Net position, end of year	\$ 630,378	\$ 588,443	\$ 1,218,821	\$ 595,427	\$ 550,847	\$ 1,146,274

The accompanying notes are an integral part of the financial statements

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

(In thousands of dollars)	2019			2018		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Cash flows from operating activities:						
Received from customers, including cash deposits	\$ 124,860	\$ 114,209	\$ 239,069	\$ 125,944	\$ 108,146	\$ 234,090
Payments to suppliers for goods and services	(30,141)	(23,991)	(54,132)	(28,137)	(24,243)	(52,380)
Payments to personnel for services	(29,150)	(25,384)	(54,534)	(28,330)	(24,361)	(52,691)
Net cash provided by operating activities	65,569	64,834	130,403	69,477	59,542	129,019
Cash flows from non-capital and related financing activities:						
Payments in lieu of taxes to the primary government	(7,176)	(6,925)	(14,101)	(7,515)	(6,529)	(14,044)
Collection of advances to City of Tulsa	-	5	5	-	6	6
Net cash used by non-capital and related financing activities	(7,176)	(6,920)	(14,096)	(7,515)	(6,523)	(14,038)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(34,547)	(42,786)	(77,333)	(25,954)	(29,352)	(55,306)
Investment in joint venture	-	(3,715)	(3,715)	-	(4,592)	(4,592)
Payments from City of Tulsa	-	571	571	-	443	443
Proceeds from sale of capital assets	269	288	557	220	158	378
Principal paid on long-term debt	(9,918)	(21,124)	(31,042)	(10,762)	(21,144)	(31,906)
Interest paid on long-term debt	(3,959)	(9,074)	(13,033)	(4,116)	(9,400)	(13,516)
Payment of bond issuance costs	(112)	(159)	(271)	-	(210)	(210)
Refunding payments	(23,885)	-	(23,885)	-	-	-
Proceeds from long-term debt issuance	18,705	12,591	31,296	-	17,552	17,552
Premium received on debt issuance	2,815	315	3,130	-	128	128
Payment of call premium on debt refunding	(340)	-	(340)	-	-	-
Ad valorem taxes received for debt service	-	1,979	1,979	-	2,410	2,410
Payments on watermain extension contracts	(184)	-	(184)	(225)	-	(225)
Net cash used by capital and related financing activities	\$ (51,156)	\$ (61,114)	\$ (112,270)	\$ (40,837)	\$ (44,007)	\$ (84,844)

(Continued)

The accompanying notes are an integral part of the financial statements

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF CASH FLOWS, Continued
Years Ended June 30, 2019 and 2018

(In thousands of dollars)	2019			2018		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Cash flows from investing activities:						
Interest received on investments	\$ 4,507	\$ 2,517	\$ 7,024	\$ 1,082	\$ 713	\$ 1,795
Sale or maturity of investments	8,399	7,813	16,212	-	1,400	1,400
Net cash provided by investing activities	12,906	10,330	23,236	1,082	2,113	3,195
Net increase in cash and cash equivalents	20,143	7,130	27,273	22,207	11,125	33,332
Cash and cash equivalents, beginning of year	162,930	110,642	273,572	140,723	99,517	240,240
Cash and cash equivalents, end of year	\$ 183,073	\$ 117,772	\$ 300,845	\$ 162,930	\$ 110,642	\$ 273,572
Reconciliation of cash and cash equivalents to the Statement of Net Position:						
Current unrestricted cash and cash equivalents	\$ 134,988	\$ 81,351	\$ 216,339	\$ 120,516	\$ 70,165	\$ 190,681
Current restricted cash and cash equivalents	18,490	8,691	27,181	17,781	8,236	26,017
Noncurrent restricted cash and cash equivalents	29,595	27,730	57,325	24,633	32,241	56,874
	\$ 183,073	\$ 117,772	\$ 300,845	\$ 162,930	\$ 110,642	\$ 273,572
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ 38,486	\$ 39,073	\$ 77,559	\$ 53,616	\$ 40,917	\$ 94,533
Adjustments:						
Depreciation	18,638	21,952	40,590	17,683	20,907	38,590
Change in accounts receivable	4,641	(1,078)	3,563	(2,455)	(1,777)	(4,232)
Change in prepaids	(271)	(163)	(434)	-	-	-
Change in inventories	(76)	(32)	(108)	(216)	200	(16)
Change in joint venture	-	649	649	-	452	452
Change in deferred outflows pension	(1,780)	(1,484)	(3,264)	2,667	2,239	4,906
Change in deferred outflows OPEB	40	36	76	(13)	(20)	(33)
Change in accounts payable and other accrued liabilities	(316)	916	600	629	(1,206)	(577)
Change in total OPEB liability	(44)	(52)	(96)	101	115	216
Change in deposits subject to refund	677	50	727	506	40	546
Change in net pension liability	5,700	4,743	10,443	(1,214)	(298)	(1,512)
Change in deferred inflows pension	(179)	167	(12)	(1,841)	(2,021)	(3,862)
Change in deferred inflows OPEB	53	57	110	14	(6)	8
Net cash provided by operating activities	\$ 65,569	\$ 64,834	\$ 130,403	\$ 69,477	\$ 59,542	\$ 129,019
Noncash capital and related financing activities:						
Contributions from area developers	\$ 2,130	\$ 7,533	\$ 9,663	\$ 2,624	\$ 8,316	\$ 10,940
Additions included in accounts payable and retainage	\$ 6,727	\$ 9,005	\$ 15,732	\$ 6,154	\$ 10,916	\$ 17,070
Expiring watermain extension contracts	\$ 493	\$ -	\$ 493	\$ 1,956	\$ -	\$ 1,956

The accompanying notes are an integral part of the financial statements

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2019 and 2018

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

NATURE OF BUSINESS AND REPORTING ENTITY – The Tulsa Metropolitan Utility Authority (the “Authority”) was created under the provisions of the Oklahoma Public Trust Act. The Trustees of the Authority consist of the Mayor of the City of Tulsa (the “City”) and six other members appointed by the Mayor and confirmed by the City Council. The City is the sole beneficiary of the Trust. The Authority meets the requirements for, and is included in, the City’s Comprehensive Annual Financial Report as a discretely presented component unit.

On February 1, 1984, the Authority leased from the City its existing and subsequently acquired water treatment and distribution systems (Water System) along with the rights to the gross revenues generated by the System. The terms of the agreement provide for the lease of the Water System for a term of 50 years or until all bonds and indebtedness collateralized by and payable from revenues is retired.

Under the terms of the lease, the City collects the Water System’s operating revenues. The Water System is operated by City personnel and the City also pays the operating expenses and maintenance costs, and makes additions, replacements and improvements necessary to keep the Water System in proper working order on behalf of the Authority.

The Authority is to utilize gross revenues to reimburse the City for the cost of operating and maintaining the Water System. Also, the Authority will issue bonds to finance improvements to the Water System and set rates, fees and charges to users of the Water System.

On July 1, 1989, the Authority entered into a Wastewater System Lease Agreement and Operation and Maintenance Contract with the City. The terms of the agreement provide for the lease of the City’s revenue producing sanitary sewer and wastewater treatment, collection, transportation, processing, and disposal systems and facilities, along with the transfer of related liabilities, for a term of 50 years or until such time as all bonds and indebtedness collateralized by and payable from revenues from the wastewater system are retired.

All operating costs, including personnel, are provided by the City and reimbursed by the Authority. For financial reporting purposes, personnel and other operating costs are reported as costs incurred directly by the Authority. Accordingly, the Authority reports these costs in its financial statements and makes appropriate disclosures in the notes to the financial statements. The Authority has no employees. All references to “employees” are references to City employees who perform operation and maintenance work under the terms of the lease agreement. Payments to and amounts owed to employees are part of the payments the Authority makes to the City pursuant to the terms of the lease agreements.

The Authority accounts for and reports using separate funds for water and sewer utility fees and other revenue dedicated to the Authority.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2019 and 2018

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

BASIS OF ACCOUNTING AND PRESENTATION – The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (“GAAP”) as applied to business-type activities of governmental units. The Governmental Accounting Standards Board (“GASB”) is the standard-setting body for governmental accounting and financial reporting.

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

GAAP requires the Authority to present in its financial statements, inclusive of the notes to the financial statements, the economic substance of its operations and the assets under lease.

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

The Authority’s cash and cash equivalents included in the City’s pooled portfolio are recorded at the net asset value of their position in the City’s pooled portfolio. The Authority is allocated interest monthly based on their average daily position in the City’s pooled portfolio. Changes in fair value of the City’s pooled portfolio are allocated annually based on the Authority’s position as of June 30.

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

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

INVESTMENTS – the Authority may invest in fixed income obligations of the U.S. Government, its agencies, or instrumentalities. The investments of the Authority are reported at fair value.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2019 and 2018

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

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 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. The Authority categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

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

Level 2 input – Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the 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.

PREPAID EXPENSES – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

INVENTORIES – Inventories are stated at cost (first-in, first-out), which is not in excess of market.

RESTRICTED ASSETS – Certain assets of the Authority are restricted under the terms of its bond indentures or state statutes.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2019 and 2018

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

UTILITY SERVICES RECEIVABLE – This balance consists of amounts due from customers within and around the Tulsa metropolitan area for utility service. Unbilled revenue is accrued and included in utility services receivable for services that were provided, but not billed at year end. Utility services receivable included \$6,958 and \$7,070 of accrued unbilled revenue for the Water fund and Sewer fund, respectively, as of June 30, 2019, and \$8,977 and \$7,330 for the Water fund and Sewer fund, respectively, as of June 30, 2018. The Authority recorded an allowance for uncollectible accounts of \$112 and \$157 for Water fund and Sewer fund, respectively, as of June 30, 2019 and \$136 and \$185 for Water fund and Sewer fund, respectively, as of June 30, 2018.

CAPITAL ASSETS – Capital assets purchased or acquired are carried at historical cost. Contributed assets are recorded at acquisition value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Interest cost incurred during the construction phase of capital assets of the enterprise activities is recognized as an expense in the period in which the cost is incurred.

DEPRECIATION – Capital assets placed in service are depreciated on the straight-line basis over the following estimated useful lives:

Land improvements	30 years
Buildings	50 years
Water and sewer lines	33 - 100 years
Equipment	3 - 20 years

Capital assets sold or disposed have their cost and accumulated depreciation removed from the Authority's records. The related gain or loss is recorded in the period of sale or disposal.

CAPITAL CONTRIBUTIONS – Capital contributions include payments made by developers for the construction of water and sewer lines, grants, and amounts contributed by City sales tax funds. Amounts contributed to the Authority from City sales tax funds are reported as capital contributions and are included as increases to construction in progress (nondepreciable capital assets) until those assets are complete and placed in service.

COMPENSATED ABSENCES – Vacation and sick leave is granted to all employees. Vacation time earned 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. Accumulated vacation leave vests and the Authority is obligated to make payment upon termination or retirement. Accumulated sick leave is not paid out to employees upon separation, if separation occurs before retirement eligibility. Upon retirement an employee is eligible to receive a lump sum payout of one hour for every three hours earned and unused if the employee has at least 960 hours. 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 amount of unpaid vacation and sick leave is charged to expense during the period earned if probable of payout, and a corresponding liability is established.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2019 and 2018

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

POST-EMPLOYMENT BENEFITS (PENSION AND OTHER) – Post-employment benefits are part of an exchange of salaries and benefits for employee services rendered. Of the total benefits offered by employers to attract and retain qualified employees, some benefits, including salaries and active-employee healthcare, are used while the employees are in active service, whereas other benefits, including retirement and post-employment healthcare, are used after the employees' services have ended. Nevertheless, both types of benefits constitute compensation for employee services. A liability for OPEB is recognized when earned by employees. Additional information regarding these liabilities is included in Notes 7 and 8.

UNAMORTIZED DISCOUNTS AND PREMIUMS – Original issue discounts and premiums on the Authority's revenue bonds are amortized over the lives of the bonds using the effective interest method.

NET POSITION – Net position of the Authority represents the difference between assets and liabilities and deferred inflows/outflows. Net investment in capital assets, consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Net investment in capital assets as of June 30, 2019 excludes unspent bond proceeds of \$29,596 and \$25,080 for Water and Sewer, respectively, and as of June 30, 2018 excludes unspent bond proceeds of \$32,985 and \$37,348 for Water and Sewer, respectively. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or, laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Authority first applies restricted resources. Unrestricted net position is the difference between assets, liabilities and deferred inflows/outflows of resources that do not meet the definition of net investment in capital assets or restricted.

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 general obligation bonded indebtedness, interest and one-third of all outstanding judgments coming due in the following fiscal year.

The sinking fund requirements are submitted by the City to the County Excise Board to determine the property tax levy. This submission is made by August 27th of each year. 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. The assessment ratio in Tulsa County currently averages 11% of market value.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2019 and 2018

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

PROPERTY TAX REVENUE, continued – 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 Authority revenue is reported as a deferred inflow of resources and will not be recognized until the year for which it is levied.

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

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

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES – The Authority records deferred outflows or inflows of resources for the consumption or acquisition of net position that is applicable to a future reporting period and will not be reported as an outflow (expense) or inflow (revenue) until then. The financial statements reflect deferred outflows and inflows of resources recorded for unamortized losses and gains on refunding of debt, deferred outflows and inflows of resources related to pensions, deferred outflows and inflows of resources related to other post-employment benefits and deferred inflows of resources related to property tax revenue.

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

PENSION PLAN – 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.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2019 and 2018

2. CASH DEPOSITS AND INVESTMENTS

CASH AND CASH EQUIVALENTS – Cash deposits of the Authority, not held in trust accounts, are held within the City’s pooled portfolio. The City’s pooled portfolio consists primarily of time deposits and other securities guaranteed by the United States Government or its agencies. At June 30, 2019 and 2018 the Authority held \$199,819 and \$188,641, respectively, in the City’s pooled portfolio, which represented 22.9% and 22.2%, respectively of the City’s pooled portfolio.

The City’s pooled portfolio is collateralized by securities held by the City or its agent in the City’s name as of June 30, 2019 and 2018.

Please refer to the City’s Comprehensive Annual Financial Report for additional disclosures related to the City’s pooled portfolio, including required disclosures of risks and fair value measurements. A copy of the City’s Comprehensive Annual Financial Report may be obtained at www.cityoftulsa.org.

In addition to assets held in the City’s pooled portfolio, the Authority has assets it holds directly. The Authority has money market accounts reported as cash equivalents on the statement of net position of \$101,026 and \$84,931 as of June 30, 2019 and 2018, respectively.

INVESTMENTS – As of June 30, 2019, the Authority did not have any investments. For the year ended June 30, 2018, the Authority had the following investments:

	<u>Fair Value</u>	<u>June 30, 2018</u>		<u>Fair Value Measurement</u>
		<u>Maturities in years</u>		
		<u>Less than 1</u>	<u>1-5</u>	
U.S. Treasury Securities	\$ 16,122	\$ 16,122	\$ -	Level 1

Interest Rate Risk – Interest rate risk is the risk that a change in interest rates will adversely affect the value of an investment. For restricted funds, bond requirements limit the type and maturity length of investments that can be acquired.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority utilizes the City of Tulsa investment policy and bond indenture restrictions on authorized investments to limit its exposure to credit risks. The Authority’s investments in U.S. Treasury Securities are not subject to credit risk.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2019 and 2018

2. CASH DEPOSITS AND INVESTMENTS, continued

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

The Authority's deposit policy for custodial credit risk requires compliance with provisions of state law and that demand deposits be collateralized by at least 110% of the amount that is not federally insured. The Authority's investments in U.S. Treasury Securities at June 30, 2019 and 2018 are registered securities held by the Authority or by its agent in the Authority's name. At June 30, 2019 and 2018 none of the Authority's deposits, including money market accounts of \$101,026 and \$84,931, respectively, nor investments of \$0 and \$16,122, respectively, were exposed to custodial credit risk.

Concentration of Credit Risk – The Authority utilizes the City of Tulsa investment policy to determine the amount that may be invested in any one issuer. At June 30, 2018, the Authority's investments in U.S Treasury Securities are not subject to concentration of credit risk disclosure.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2019 and 2018

3. RESTRICTIONS ON ASSET USE

Unspent debt proceeds, as well as resources set aside for their repayment, are classified as restricted assets on the statements of net position because their use is limited by applicable bond covenants and they are maintained in separate bank accounts. The City levies ad valorem taxes for the retirement of 50% of general obligation bonds issued for the wastewater disposal system. A reserve for bond retirement is established at the City. Customer deposits held in the City's pooled portfolio are also classified as restricted assets as they are limited for customer refunds.

A summary of the purpose for which these assets are restricted as of June 30, is as follows:

	<u>2019</u>	<u>2018</u>
General Obligation Bonds:		
Sinking funds	\$ 2,649	\$ 2,719
Deposits subject to refund:		
Escrow deposits	<u>11,884</u>	<u>11,158</u>
Sewer Debt:		
Debt service fund	8,060	7,655
Construction fund	9,996	23,127
Reserve fund	<u>15,084</u>	<u>14,165</u>
Debt service, reserves, construction funds	<u>33,140</u>	<u>44,947</u>
Water Debt:		
Debt service fund	7,237	7,204
Construction fund	15,570	17,888
Reserve fund	<u>14,026</u>	<u>15,097</u>
Debt service, reserves, construction funds	<u>36,833</u>	<u>40,189</u>
Total restricted assets	<u>\$ 84,506</u>	<u>\$ 99,013</u>

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2019 and 2018

4. CAPITAL ASSETS

The changes in capital assets are summarized as follows:

June 30, 2019	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Nondepreciable assets:				
Land	\$ 35,904	\$ 102	\$ 741	\$ 36,747
Water rights	9,593	-	-	9,593
Construction-in-progress	59,311	67,185	(70,329)	56,167
Total nondepreciable capital assets	<u>104,808</u>	<u>67,287</u>	<u>(69,588)</u>	<u>102,507</u>
Depreciable assets:				
Land improvements, water and sewer lines	1,802,888	13,624	68,761	1,885,273
Buildings	50,293	113	799	51,205
Equipment	75,842	4,736	(1,523)	79,055
Total depreciable capital assets	<u>1,929,023</u>	<u>18,473</u>	<u>68,037</u>	<u>2,015,533</u>
Accumulated depreciation:				
Land improvements, water and sewer lines	(663,784)	(34,283)	-	(698,067)
Buildings	(34,521)	(877)	3	(35,395)
Equipment	(47,554)	(5,430)	1,484	(51,500)
	<u>(745,859)</u>	<u>(40,590)</u>	<u>1,487</u>	<u>(784,962)</u>
Depreciable capital assets, net	<u>1,183,164</u>	<u>(22,117)</u>	<u>69,524</u>	<u>1,230,571</u>
Capital assets, net	<u>\$ 1,287,972</u>	<u>\$ 45,170</u>	<u>\$ (64)</u>	<u>\$ 1,333,078</u>
June 30, 2018	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Nondepreciable assets:				
Land	\$ 34,772	\$ 102	\$ 1,030	\$ 35,904
Water rights	9,593	-	-	9,593
Construction-in-progress	63,803	49,991	(54,483)	59,311
Total nondepreciable capital assets	<u>108,168</u>	<u>50,093</u>	<u>(53,453)</u>	<u>104,808</u>
Depreciable assets:				
Land improvements, water and sewer lines	1,735,163	15,326	52,399	1,802,888
Buildings	49,148	-	1,145	50,293
Equipment	71,266	7,024	(2,448)	75,842
Total depreciable capital assets	<u>1,855,577</u>	<u>22,350</u>	<u>51,096</u>	<u>1,929,023</u>
Accumulated depreciation:				
Land improvements, water and sewer lines	(631,256)	(32,528)	-	(663,784)
Buildings	(33,677)	(844)	-	(34,521)
Equipment	(44,774)	(5,218)	2,438	(47,554)
	<u>(709,707)</u>	<u>(38,590)</u>	<u>2,438</u>	<u>(745,859)</u>
Depreciable capital assets, net	<u>1,145,870</u>	<u>(16,240)</u>	<u>53,534</u>	<u>1,183,164</u>
Capital assets, net	<u>\$ 1,254,038</u>	<u>\$ 33,853</u>	<u>\$ 81</u>	<u>\$ 1,287,972</u>

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2019 and 2018

5. JOINT VENTURE

The Authority is a participant in a joint venture, the Regional Metropolitan Utility Authority (“RMUA”). RMUA was created to operate a sewage treatment facility. The Authority contributes approximately one-half of RMUA’s operating and capital budget, operates a facility for RMUA, and leases the facility site to RMUA. The City appoints two of the ten trustees with the remaining trustees appointed two each by the four other participating cities. Services are provided approximately 50% each to the City and the City of Broken Arrow, Oklahoma. In accordance with the Trust Agreement, the Authority is entitled, on both an interim and final basis, to its pro-rata interest based on its contributions to RMUA.

The Authority’s equity interest was \$27,704 and \$25,867 as of June 30, 2019 and 2018, respectively. The Authority’s other services and charges have been increased to reflect the change in equity interest by \$650 and \$452 for the years ended June 30, 2019 and 2018, respectively. The Authority contributed \$2,486 and \$6,645 to RMUA for capital improvements during the years ended June 30, 2019 and 2018, respectively.

Request for an audited financial report or additional information concerning RMUA should be addressed to the Office of the Controller, 175 E. Second Street, Suite 1570, Tulsa, Oklahoma 74103, or online at www.cityoftulsa.org.

6. WATERMAIN EXTENSION CONTRACTS

The Authority contracts with developers for the construction of watermains to provide water service for areas under development. Such watermains are an extension of the City's existing water distribution system. Under such contracts, the contractor pays for all construction costs. When the work is complete, the area has been prepared for development and the developer certifies their net allowable costs (this is the maximum amount recoverable by the developer), the Authority enters into a contract with the developer. The Authority records a capital asset equal to 100% of the developer costs per the contract and a liability for the net allowable costs. The difference between the total and net allowable costs is recorded as a capital contribution. The non-interest bearing repayments to contractors are payable over a ten year period and are generally limited to 40% of the collected revenues generated by the respective watermain extension, not to exceed the maximum amount recoverable by the developer. The Authority has no liability after the ten year period if the contractor's portion of the respective revenues generated is insufficient to cover the contractor's costs.

Amounts due under the contracts were \$84 and \$761 at June 30, 2019 and 2018, respectively. The Authority estimates the current portion of the contractual liability based upon amounts payable in the following year. The Authority made payments of \$184 and \$225 in accordance with these contracts for the years ended June 30, 2019 and 2018, respectively.

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7. MUNICIPAL EMPLOYEES' PENSION PLAN

Plan description – Employees are provided with pensions through MERP – a cost-sharing multiple-employer defined benefit pension plan administered by the City. The Authority is not defined as an employer in the MERP plan document, but as described in Note 1, payroll and associated costs of City employees performing functions on behalf of the Authority, are reported in the financial statements of the Authority. MERP benefits are established by City ordinance to plan members and beneficiaries. MERP's financial statements and required supplementary information are included in the City's Comprehensive Annual Financial Report (CAFR). The report may be obtained by writing to the City of Tulsa Controller, 175 E. 2nd Street, Tulsa, Oklahoma 74103, or online at www.cityoftulsa.org.

Benefits provided – MERP provides retirement, disability, and death benefits. Retirement benefits are determined based on the employee's highest 30 months of pensionable wages 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 percent 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 percent of the member's accrued benefit determined based on final average earnings and service as of the date of death.

Contributions – The Contributions are set by City ordinance. Employees contributed 6.5 percent of their pensionable wages for the years ended June 30, 2019 and 2018. The Authority was charged 15.5 percent of pensionable wages for the years ended June 30, 2019 and 2018 for employees whose payroll costs were charged to the Authority. Actual charges to the Authority for pension plan contributions were \$5,352 and \$5,172 for the years ended June 30, 2019 and 2018, respectively.

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

At June 30, 2019 and 2018, the Authority reported \$65,292 and \$54,849, respectively, for its proportionate charged share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. Standard update procedures were used to roll forward the total pension liability to June 30, 2019. The Authority's charged proportion of the net pension liability was based on the Authority's share of charged contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2019 and 2018, the Authority's proportion was 27.8032 percent and 27.9385 percent, respectively.

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7. MUNICIPAL EMPLOYEES' PENSION PLAN, continued

For the year ended June 30, 2019, the Authority recognized pension expense of \$12,519. For the year ended June 30, 2018, the Authority recognized pension expense of \$4,704. At June 30, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources					
	2019			2018		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Net difference between projected and actual plan earnings on pension plan investments	\$ 1,043	\$ 902	\$ 1,945	\$ -	\$ -	\$ -
Changes of assumptions	4,059	3,511	7,570	2,969	2,588	5,557
Differences between expected and actual plan experience	165	143	308	321	279	600
Changes in proportion and differences between the Authority's charges and proportionate share of charges	162	102	264	359	307	666
Total	<u>\$ 5,429</u>	<u>\$ 4,658</u>	<u>\$ 10,087</u>	<u>\$ 3,649</u>	<u>\$ 3,174</u>	<u>\$ 6,823</u>

	Deferred Inflows of Resources					
	2019			2018		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Net difference between projected and actual plan earnings on pension plan investments	\$ -	\$ -	\$ -	\$ 251	\$ 218	\$ 469
Changes of assumptions	-	-	-	126	110	236
Differences between expected and actual plan experience	1,169	1,011	2,180	724	632	1,356
Changes in proportion and differences between the Authority's charges and proportionate share of charges	550	227	777	797	112	909
Total	<u>\$ 1,719</u>	<u>\$ 1,238</u>	<u>\$ 2,957</u>	<u>\$ 1,898</u>	<u>\$ 1,072</u>	<u>\$ 2,970</u>

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

	Water Fund	Sewer Fund	Business-type Activities Total
Year ended June 30:			
2020	\$ 1,900	\$ 1,753	\$ 3,653
2021	230	316	546
2022	1,022	872	1,894
2023	558	479	1,037
	<u>\$ 3,710</u>	<u>\$ 3,420</u>	<u>\$ 7,130</u>

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7. MUNICIPAL EMPLOYEES' PENSION PLAN, continued

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.5%
Salary increases, including inflation	3.50% to 11.25%
Investment rate of return Compounded annually, net of investment expense and including inflation	7.0%

The assumptions changed from 2018 as follows: Inflation decreased from 3.0 to 2.5 percent, salary increases changed from 4.00-11.75 percent to 3.50-11.25 percent, and investment rate of return decreased from 7.50 to 7.00 percent.

Mortality rates were based on RP-2014 Combined Healthy Tables with Blue Collar adjustments. Generational mortality improvements with Scale MP-2015 are from the table's base year of 2014.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2015.

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 geometric real rates of return for each major asset class are summarized in the following table:

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%	0.95%
Timber	4%	4.15%
Cash	1%	0.11%
	<u>100%</u>	

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7. MUNICIPAL EMPLOYEES' PENSION PLAN, continued

Discount rate - The discount rate used to measure the total pension liability was 7.0 percent. 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 MERP funding policy. Beginning July 1, 2017, and all future years, it is assumed that the employer contribution rate will be 15.50 percent of payroll, which is the actuarially determined contribution rate. Based on those assumptions, the MERP'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 Authority's proportionate share of the net pension liability to changes in the discount rate - The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate. The discount rate in 2018 was 7.50 percent.

2019	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Authority's proportionate share of the net pension liability	\$ 88,880	\$ 65,292	\$ 45,613
2018	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Authority's proportionate share of the net pension liability	\$ 76,656	\$ 54,849	\$ 36,577

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the City of Tulsa's CAFR; which can be located at www.cityoftulsa.org.

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8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

Plan Description – Retired employees and their dependents are provided with postemployment health care benefits through the City of Tulsa Postretirement Medical Plan (the “Plan”), a multiple-employer defined benefit health care plan. The Authority is not an employer, but as described in Note 1, payroll and associated costs of City employees performing functions on behalf of the Authority, are reported in the financial statements of the Authority. The benefits, coverage levels, employee contributions, and employer contributions are governed by the City through its personnel and union contracts and are funded on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The Plan does not issue a stand-alone financial report.

Benefits Provided – All health care benefits are provided through the City’s fully insured health plan. The benefit levels are the same as those offered 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.

Contributions – Contribution rates are established by the City. Retiree plan participants pay the entire amount of the premium charged by the insurer for coverage thus the City does not directly contribute to the Plan. Retiree and active employee participants are included in the same cost pool used to determine rates set by the insurer. An implicit subsidy results from this method of rate setting.

OPEB Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2019, the Authority reported a liability of \$2,130 for its proportionate charged share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018. Standard update procedures were used to roll forward the total OPEB liability to June 30, 2019. The total OPEB liability for June 30, 2018 was \$2,225. The Authority’s charged proportion of the total OPEB liability was based on the Authority’s share of active employee participants relative to the active employees of all participating employers. At June 30, 2019 and 2018, the Authority’s proportion was 34.7256 percent, and 35.2459 percent, respectively.

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8. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

For the year ended June 30, 2019, the Authority recognized OPEB expense of \$251. For the year ended June 30, 2018, the Authority recognized OPEB expense of \$263. At June 30, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources					
	2019			2018		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Changes of assumptions	\$ 50	\$ 42	\$ 92	\$ 38	\$ 34	\$ 72
Differences between expected and actual plan experience	141	121	262	191	166	357
Changes in proportion and differences between the Authority's charges and proportionate share of charges	5	2	7	7	2	9
Total	\$ 196	\$ 165	\$ 361	\$ 236	\$ 202	\$ 438

	Deferred Inflows of Resources					
	2019			2018		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Changes of assumptions	\$ 26	\$ 22	\$ 48	\$ 35	\$ 30	\$ 65
Differences between expected and actual plan experience	59	51	110	-	-	-
Changes in proportion and differences between the Authority's charges and proportionate share of charges	22	22	44	19	8	27
Total	\$ 107	\$ 95	\$ 202	\$ 54	\$ 38	\$ 92

Amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Authority's OPEB expense over the average remaining service lives of Plan participants (actives and retirees) as follows:

	Water Fund	Sewer Fund	Business-type Activities Total
Year ended June 30:			
2020	\$ 41	\$ 33	\$ 74
2021	41	34	75
2022	14	10	24
2023	1	2	3
2024	(8)	(9)	(17)
	\$ 89	\$ 70	\$ 159

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8. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement. The assumptions remain consistent with 2018.

Inflation	3.0 %
Salary increases	4.0% to 11.75%, including 3.0% inflation and 1.0% productivity
Healthcare cost trend rate	8.5% for 2019, decreasing by 0.5 % annually to an ultimate rate of 5.0%

Thirty-five percent of future retirees with coverage are assumed to elect healthcare coverage.

Mortality rates were based on RPH-2017 Total Dataset Mortality fully generational using Scale 2017.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2015, with the exception of the healthcare election rate which was based on a experience study from June 30, 2010 through 2016.

Discount Rate – The OPEB Plan is financed on a pay-as-you-go basis, thus a long-term rate of return was not used. The discount rate used to measure the total OPEB liability was 3.51 and 3.87 percent as of June 30, 2019 and 2018, respectively, based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The source of the discount rate used is the Bond Buyer 20-Bond GO Index.

Sensitivity of the Authority’s proportionate share of the total OPEB liability to changes in the discount rate – The following presents the Authority’s proportionate share of the total OPEB liability calculated using the discount rate of 3.51 percent, as well as what the Authority’s proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.51 percent) or 1-percentage-point higher (4.51 percent) than the current rate. The discount rate in 2018 was 3.87 percent.

2019	1% Decrease (2.51%)	Current Discount Rate (3.51%)	1% Increase (4.51%)
Authority’s proportionate share of the total OPEB liability	\$ 2,287	\$ 2,130	\$ 1,986
2018	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Authority’s proportionate share of the total OPEB liability	\$ 2,391	\$ 2,225	\$ 2,074

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8. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Sensitivity of the Authority's proportionate share of the total OPEB liability to changes in the healthcare cost trend rate – The following presents the Authority's proportionate share of the total OPEB liability calculated using the healthcare cost trend rate of 8.5 percent decreasing to 5.0 percent, as well as what the Authority's proportionate share of the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (7.5 percent) or 1-percentage-point higher (9.5 percent) than the current rate:

2019	1% Decrease (7.5% decreasing to 4.0%)	Current Rate (8.5% decreasing to 5.0%)	1% Increase (9.5% decreasing to 6.0%)
Authority's proportionate share of the total OPEB liability	\$ 1,929	\$ 2,130	\$ 2,363
2018	1% Decrease (8.0% decreasing to 4.0%)	Current Rate (9.0% decreasing to 5.0%)	1% Increase (10.0% decreasing to 6.0%)
Authority's proportionate share of the total OPEB liability	\$ 2,038	\$ 2,225	\$ 2,442

9. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The City purchases commercial insurance for general liability and property damage as well as employee health and dental. The Authority is covered in the City's insurance policies and premium costs are passed on to the Authority through indirect cost allocation. The Authority is responsible for deductibles relating to specific claims pertaining to the Authority. There have been no significant reductions in insurance coverage during the year and there were no settlement amounts in excess of the insurance coverage in the current year or in the three prior years. The Authority also participates in the City's workers' compensation self-insurance program. The City retains all risk of loss for workers' compensation claims.

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10. NONCURRENT LIABILITIES

REVENUE BONDS – Revenue bonds outstanding consist of debt issued by the Authority. The debt does not constitute debt of the City and is payable solely from resources of the Authority. Revenue bonds are collateralized primarily by the trust estates and revenues derived from the operations of the Authority.

Various bond indentures, loan agreements, and pledge and security agreements contain limitations and restrictions of debt service reserves and flow of monies through various restricted accounts (see additional information in Note 3). The Authority has pledged future water revenues, net of operating expenses and sewer revenues, net of operating expenses and net of amounts pledged for promissory note debt service to repay \$112,905 and \$61,695 of outstanding Utility Revenue Bonds, respectively. The Utility Revenue Bonds are payable through 2039. Annual principal and interest payments on the bonds required 19 percent of net revenues, as defined above. The total principal and interest remaining to be paid on the bonds is \$213,185. Principal and interest paid for the current year and water and sewer net revenues as described above for the current year were \$19,962 and \$103,393, respectively. The Authority utility revenue bonds are subject to acceleration if the Authority defaults.

On April 5, 2019, the Authority issued the Utility Revenue Bonds, Series 2019B, for \$12,430. The proceeds will be used to fund the construction, acquisition and equipping of certain capital improvements to the Wastewater System.

On June 22, 2018, the Authority issued the Utility Revenue Bonds, Series 2018A, for \$11,850. The proceeds will be used to fund the construction, acquisition and equipping of certain capital improvements to the Wastewater System.

ECONOMIC GAIN/LOSS ON REFUNDING – On April 5, 2019, the City issued \$18,705 in Series 2019A Refunding Utility Revenue Bonds to refund the 2011 and 2012 Utility Revenue Bonds. This transaction will reduce debt service payments by \$6,344 over the next 8 years and result in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$4,924. The refunding resulted in a deferred charge of \$501 which will be amortized over the life of the new bonds. The amortization and related deferred charge are reported in the financial statements.

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10. NONCURRENT LIABILITIES, continued

Utility Revenue Bond payable activity for the year ended June 30, 2019 is as follows:

June 30, 2019

Series	Issue Amount	Maturity Date	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water:								
Series 2011	\$ 24,100	2031	3.00-4.375%	\$ 17,975	\$ -	\$ (17,975)	\$ -	\$ -
Refunding Series 2012	12,685	2025	2.00-2.65%	6,865	-	(6,865)	-	-
Refunding Series 2013	61,280	2025	2.50-3.00%	39,340	-	(4,580)	34,760	4,600
Series 2014	17,825	2034	2.00-3.50%	15,830	-	(680)	15,150	690
Refunding Series 2015	9,940	2027	2.00-3.00%	7,100	-	(705)	6,395	745
Series 2016A	16,565	2031	3.00-3.25%	14,755	-	(920)	13,835	935
Refunding Series 2017A	27,765	2030	3.00-3.125%	25,925	-	(1,865)	24,060	1,880
Refunding Series 2019A	18,705	2027	5.00%	-	18,705	-	18,705	1,965
				<u>127,790</u>	<u>18,705</u>	<u>(33,590)</u>	<u>112,905</u>	<u>10,815</u>
Sewer:								
Series 2016B	10,885	2036	2.00-3.50%	10,040	-	(430)	9,610	435
Refunding Series 2016C	34,810	2025	5.00%	31,540	-	(3,310)	28,230	3,355
Series 2018A	11,850	2038	3.125-3.50%	11,850	-	(425)	11,425	430
Series 2019B	12,430	2039	3.00%	-	12,430	-	12,430	465
				<u>53,430</u>	<u>12,430</u>	<u>(4,165)</u>	<u>61,695</u>	<u>4,685</u>
Total utility revenue bonds				<u>\$ 181,220</u>	<u>\$ 31,135</u>	<u>\$ (37,755)</u>	<u>\$ 174,600</u>	<u>\$ 15,500</u>

The changes in other long-term liabilities for the year ended June 30, 2019 are summarized as follows:

June 30, 2019

Other long-term liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water storage lease	\$ 3,381	\$ -	\$ (214)	\$ 3,167	\$ 220
Watermain extension contracts	761	-	(677)	84	84
Total OPEB liability	2,225	-	(95)	2,130	-
Compensated absences	3,787	3,565	(3,358)	3,994	2,613
Net pension liability	54,849	10,443	-	65,292	-
Total other long-term liabilities	<u>\$ 65,003</u>	<u>\$ 14,008</u>	<u>\$ (4,344)</u>	<u>\$ 74,667</u>	<u>\$ 2,917</u>

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10. NONCURRENT LIABILITIES, continued

Utility Revenue Bond payable activity for the year ended June 30, 2018 is as follows:

June 30, 2018

<u>Series</u>	<u>Issue 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>
Water:								
Series 2011	\$ 24,100	2031	3.00-4.375%	\$ 18,900	\$ -	\$ (925)	\$ 17,975	\$ 955
Refunding Series 2012	12,685	2025	2.00-2.65%	7,850	-	(985)	6,865	995
Refunding Series 2013	61,280	2025	2.50-3.00%	43,900	-	(4,560)	39,340	4,580
Series 2014	17,825	2034	2.00-3.50%	16,500	-	(670)	15,830	680
Refunding Series 2015	9,940	2027	2.00-3.00%	7,765	-	(665)	7,100	705
Series 2016A	16,565	2031	3.00-3.25%	15,665	-	(910)	14,755	920
Refunding Series 2017A	27,765	2030	3.00-3.125%	27,765	-	(1,840)	25,925	1,865
				<u>138,345</u>	<u>-</u>	<u>(10,555)</u>	<u>127,790</u>	<u>10,700</u>
Sewer:								
Series 2016B	10,885	2036	2.00-3.50%	10,465	-	(425)	10,040	430
Refunding Series 2016C	34,810	2025	5.00%	34,810	-	(3,270)	31,540	3,310
Series 2018A	11,850	2038	3.125-3.50%	-	11,850	-	11,850	425
				<u>45,275</u>	<u>11,850</u>	<u>(3,695)</u>	<u>53,430</u>	<u>4,165</u>
Total utility revenue bonds				<u>\$183,620</u>	<u>\$ 11,850</u>	<u>\$ (14,250)</u>	<u>\$181,220</u>	<u>\$ 14,865</u>

The changes in other long-term liabilities for the year ended June 30, 2018 are summarized as follows:

June 30, 2018

<u>Other long-term liabilities</u>	<u>Beginning Balance (as restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Water storage lease	\$ 3,588	\$ -	\$ (207)	\$ 3,381	\$ 213
Watermain extension contracts	2,942	-	(2,181)	761	347
Total OPEB liability	2,010	215	-	2,225	-
Compensated absences	4,084	3,528	(3,825)	3,787	2,646
Net pension liability	56,361	-	(1,512)	54,849	-
Total other long-term liabilities	<u>\$ 68,985</u>	<u>\$ 3,743</u>	<u>\$ (7,725)</u>	<u>\$ 65,003</u>	<u>\$ 3,206</u>

TULSA METROPOLITAN UTILITY AUTHORITY
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10. NONCURRENT LIABILITIES, continued

PROMISSORY NOTES – The Authority borrows from the Oklahoma Water Resources Board through two types of program loans: the State Financial Assistance Program (FAP) Loans and the Clean Water State Revolving Fund (SRF) Loan Program. FAP loan proceeds are received at closing and SRF loan proceeds are received on a reimbursement basis.

The Authority's outstanding promissory notes with the Oklahoma Water Resources Board are collateralized by a first lien and security interest in the Authority's wastewater treatment system and the revenues derived from the entire system and generally require semi-annual principal and interest payments. The Authority promissory notes are subject to acceleration if the Authority defaults.

The Authority has pledged future sewer revenue, net of operating expenses to repay \$173,055 of promissory notes. The promissory notes are payable through 2041. Annual principal and interest payments on the promissory notes required 32 percent of net revenues. The total principal and interest remaining to be paid on the promissory notes is \$219,424. Principal and interest paid for the current year and sewer net revenues for the current year were \$19,804 and \$61,541, respectively.

The promissory notes contain certain covenants. The covenants require that net revenues of the wastewater system, as defined by the debt agreement, provide for minimums of 100% of the maximum debt service on all notes and 125% of the maximum debt service on senior notes. FAP loans are considered senior obligations.

Promissory notes issued and outstanding under the SRF program were \$227,302 (including the 2019 and 2018 note issuances disclosed below) and \$88,200, respectively, as of June 30, 2019. The Authority had \$77,102 available to be drawn as of June 30, 2019. Promissory notes outstanding under the FAP program were \$84,855 as of June 30, 2019.

Note Issuances – On April 1, 2019, the Authority issued Clean Water State Revolving Fund Loan Promissory Note Series 2019A for \$10,626, maturing 2041 with an interest rate of 2.32%. Draws, received on a reimbursement basis, will provide funds for making necessary improvements to the wastewater system. As of June 30, 2019, there was no outstanding balance on Promissory Note 2019A.

On June 26, 2018, the Authority issued Clean Water State Revolving Fund Loan Promissory Note Series 2018A for \$14,350, maturing 2041 with an interest rate of 2.53%. Draws, received on a reimbursement basis, will provide funds for making necessary improvements to the wastewater system. As of June 30, 2019, there was an outstanding balance of \$3 on Promissory Note 2018A.

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10. NONCURRENT LIABILITIES, continued

Promissory note payable activity for the year ended June 30, 2019 is as follows:

<u>Promissory Notes and Maturity Dates</u>	<u>Loan Type</u>	<u>Issue Amount</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Sewer:								
Series 2001B - 2020	SRF	\$ 4,996	0.50%	\$ 526	\$ -	\$ (263)	\$ 263	\$ 263
Series 2002D - 2021	SRF	6,813	0.50%	1,223	-	(349)	874	349
Series 2004B - 2023	SRF	1,560	0.50%	440	-	(80)	360	80
Series 2005B - 2027	SRF	7,900	3.10%	4,171	-	(383)	3,788	395
Series 2005C - 2025	SRF	1,203	0.50%	451	-	(60)	391	60
Series 2006A - 2027	SRF	3,130	3.10%	1,611	-	(148)	1,463	153
Series 2006C - 2029	SRF	17,825	3.10%	10,911	-	(801)	10,110	826
Series 2007A - 2026	SRF	5,131	0.50%	2,237	-	(263)	1,974	263
Series 2009A - 2032	SRF	11,320	3.22%	6,967	158	(566)	6,559	566
Series 2009B - 2032	SRF	7,350	2.91%	3,983	-	(234)	3,749	240
Series 2010A - 2032	SRF	27,757	2.89%	19,470	-	(1,388)	18,082	1,388
Series 2010B - 2030	FAP	29,380	3.145-5.145%	21,460	-	(1,265)	20,195	1,330
Series 2011A - 2033	SRF	23,480	3.11%	17,278	-	(1,174)	16,104	1,174
Series 2011B - 2031	FAP	14,275	2.645-5.145%	11,080	-	(595)	10,485	615
Series 2011C - 2034	SRF	16,700	2.55%	13,199	-	(835)	12,364	835
Series 2012A - 2034	SRF	4,347	2.43%	3,176	-	(217)	2,959	217
Series 2012B - 2032	FAP	11,355	3.145-3.395%	8,895	-	(480)	8,415	495
Series 2013A - 2035	SRF	9,850	2.24%	5,987	-	(518)	5,469	518
Series 2013B - 2033	FAP	27,605	2.645-5.145%	23,295	-	(1,035)	22,260	1,065
Series 2014A - 2035	SRF	2,910	2.58%	2,396	-	(146)	2,250	146
Series 2014B - 2033	FAP	10,180	2.145-4.06%	8,690	-	(440)	8,250	445
Series 2014C - 2034	FAP	17,735	2.6624-5.145%	15,920	-	(670)	15,250	690
Series 2015A - 2038	SRF	28,330	2.46%	2,855	-	(1,417)	1,438	1,417
Series 2018A - 2041	SRF	14,350	2.53%	-	3	-	3	-
				<u>\$ 186,221</u>	<u>\$ 161</u>	<u>\$ (13,327)</u>	<u>\$ 173,055</u>	<u>\$ 13,530</u>

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10. NONCURRENT LIABILITIES, continued

Promissory note payable activity for the year ended June 30, 2018 is as follows:

Promissory Notes and Maturity Dates	Loan Type	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Sewer:								
Series 1998B - 2017	SRF	\$ 4,392	0.50%	\$ 115	\$ -	\$ (115)	\$ -	\$ -
Series 2001B - 2020	SRF	4,996	0.50%	789	-	(263)	526	263
Series 2002D - 2021	SRF	6,813	0.50%	1,572	-	(349)	1,223	349
Series 2004B - 2023	SRF	1,560	0.50%	520	-	(80)	440	80
Series 2005B - 2027	SRF	7,900	3.10%	4,543	-	(372)	4,171	383
Series 2005C - 2025	SRF	1,203	0.50%	511	-	(60)	451	60
Series 2006A - 2027	SRF	3,130	3.10%	1,754	-	(143)	1,611	148
Series 2006C - 2029	SRF	17,825	3.10%	11,688	-	(777)	10,911	801
Series 2007A - 2026	SRF	5,131	0.50%	2,500	-	(263)	2,237	263
Series 2009A - 2032	SRF	11,320	3.22%	7,372	161	(566)	6,967	566
Series 2009B - 2032	SRF	7,350	2.91%	4,210	-	(227)	3,983	234
Series 2010A - 2032	SRF	27,757	2.89%	20,858	-	(1,388)	19,470	1,388
Series 2010B - 2030	FAP	29,380	3.145-5.145%	22,690	-	(1,230)	21,460	1,265
Series 2011A - 2033	SRF	23,480	3.11%	18,452	-	(1,174)	17,278	1,174
Series 2011B - 2031	FAP	14,275	2.645-5.145%	11,660	-	(580)	11,080	595
Series 2011C - 2034	SRF	16,700	2.55%	14,034	-	(835)	13,199	835
Series 2012A - 2034	SRF	4,347	2.43%	3,393	-	(217)	3,176	217
Series 2012B - 2032	FAP	11,355	3.145-3.395%	9,360	-	(465)	8,895	480
Series 2012C - 2017	FAP	2,450	4.15%	505	-	(505)	-	-
Series 2013A - 2035	SRF	9,850	2.24%	4,445	2,060	(518)	5,987	518
Series 2013B - 2033	FAP	27,605	2.645-5.145%	24,305	-	(1,010)	23,295	1,035
Series 2014A - 2035	SRF	2,910	2.58%	2,178	364	(146)	2,396	146
Series 2014B - 2033	FAP	10,180	2.145-4.06%	9,120	-	(430)	8,690	440
Series 2014C - 2034	FAP	17,735	2.6624-5.145%	16,575	-	(655)	15,920	670
Series 2015A - 2038	SRF	28,330	2.460%	446	3,117	(708)	2,855	1,417
				<u>\$ 193,595</u>	<u>\$ 5,702</u>	<u>\$ (13,076)</u>	<u>\$ 186,221</u>	<u>\$ 13,327</u>

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10. NONCURRENT LIABILITIES, continued

GENERAL LONG-TERM DEBT – General long-term debt of the Authority consists of general obligation bonds approved by the voters and issued by the City for water and wastewater capital assets. These bonds are required to be fully paid within 25 years from the date of issue and are backed by the full faith and credit of the City. The City’s Charter requires not less than 50% of the annual principal and interest requirements on general obligation bonds issued for waterworks and wastewater be funded by water and wastewater revenues, respectively. General obligation bond activity during 2019 and 2018 was as follows:

2019:

Bonds and Maturity Dates	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2009A- 2019	\$ 5,532	4.00%	\$ 587	\$ -	\$ (587)	\$ -	\$ -
Series 2009B- 2021	6,340	5.00%	1,625	-	(541)	1,084	530
Series 2013A- 2025	8,534	2.50%	4,553	-	(720)	3,833	697
Series 2014A- 2026	430	3.00%	297	-	(42)	255	40
Series 2015A- 2027	4,222	2.00-2.50%	3,031	-	(373)	2,658	362
Series 2016A- 2019	5,587	5.00%	1,368	-	(1,368)	-	-
Series 2017A- 2021	2,155	5.00%	2,155	-	-	2,155	710
			<u>\$13,616</u>	<u>\$ -</u>	<u>\$ (3,631)</u>	<u>\$ 9,985</u>	<u>\$ 2,339</u>

2018:

Bonds and Maturity Dates	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2009A- 2019	\$ 5,532	4.00%	\$ 1,160	\$ -	\$ (573)	\$ 587	\$ 587
Series 2009B- 2021	6,340	5.00%	2,175	-	(550)	1,625	542
Series 2013A- 2025	8,534	2.50%	5,297	-	(744)	4,553	720
Series 2014A- 2026	430	3.00%	340	-	(43)	297	41
Series 2015A- 2027	4,222	2.00-2.50%	3,415	-	(384)	3,031	373
Series 2016A- 2019	5,587	5.00%	3,447	-	(2,079)	1,368	1,369
Series 2017A- 2021	2,155	5.00%	2,155	-	-	2,155	-
			<u>\$17,989</u>	<u>\$ -</u>	<u>\$ (4,373)</u>	<u>\$13,616</u>	<u>\$ 3,632</u>

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10. NONCURRENT LIABILITIES, continued

PRINCIPAL AND INTEREST PAYMENTS IN SUBSEQUENT YEARS – Scheduled maturities of principal and interest in subsequent years are as follows:

	<u>Revenue Bonds</u>		<u>Promissory Notes</u>		<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 15,500	\$ 5,886	\$ 13,530	\$ 6,077	\$ 2,339	\$ 303
2021	15,690	5,362	12,069	5,705	2,338	215
2022	15,960	4,815	12,074	5,327	1,762	126
2023	16,355	4,257	12,160	4,911	1,007	84
2024	16,775	3,685	12,399	4,485	980	60
2025-2029	60,245	9,990	64,452	15,561	1,559	61
2030-2034	21,730	3,650	44,977	4,268	-	-
2035-2039	12,345	940	1,394	35	-	-
	<u>\$ 174,600</u>	<u>\$ 38,585</u>	<u>\$ 173,055</u>	<u>\$ 46,369</u>	<u>\$ 9,985</u>	<u>\$ 849</u>

As disclosed in this note, 22 percent of Water Fund net revenue was required for debt service on water revenue bonds for the year ended June 30, 2019, and 42 percent of Sewer Fund net revenue was required for debt service on sewer revenue bonds and promissory notes for the year ended June 30, 2019.

11. NONCANCELABLE CAPITAL LEASE

On December 2, 1984, the Authority entered a contract with the Department of the Army of the United States of America to utilize storage of the Oologah Lake as a source of a municipal and industrial water supply. Interest rates for the contract were determined by the Secretary of the Treasury. For the initial development stage, the interest rate is 2.5 percent, and for the ultimate development stage, it is 3.225 percent. There is an outlet works and four storage spaces referenced in the contract. Payment terms are annual. The outlet work and storage space one matured in 2012 and had an interest rate of 2.5 percent. The maturity date and interest rate for the remaining three storage spaces are 2031 and 3.225 percent, respectively. The contract includes annual operation and maintenance expenses. Upon expiration of the lease, with continued payment of annual operating costs, and costs allocated for reconstruction, rehabilitation or replacement of the outlet works, the Authority has a permanent right to use of the water supply storage space. The lease payments are subject to a consumer price index adjustment.

The minimum lease payments under the lease are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Expense</u>	<u>Total</u>
2020	\$ 220	\$ 102	\$ 269	\$ 591
2021	228	95	269	592
2022	235	88	269	592
2023	242	80	269	591
2024	250	72	269	591
2025-2029	1,377	235	1,347	2,959
2030-2031	615	30	539	1,184
	<u>\$ 3,167</u>	<u>\$ 702</u>	<u>\$ 3,231</u>	<u>\$ 7,100</u>

TULSA METROPOLITAN UTILITY AUTHORITY
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12. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2019 and 2018, the Authority conducted the following transactions with related entities:

	<u>2019</u>	<u>2018</u>
Indirect cost paid to the City of Tulsa	\$ 5,792	\$ 5,716
Payment in lieu of taxes to the City of Tulsa	\$ 14,101	\$ 14,044
Capital contributions from the City of Tulsa	\$ 571	\$ 443
Charges for utility services paid by the City of Tulsa	\$ 1,525	\$ 1,552
Charges for maintenance of equipment paid to the City of Tulsa	\$ 4,044	\$ 3,488

The Authority has outstanding advances from unspent bonds proceeds to the City in the amount of \$0 and \$5 as of June 30, 2019 and 2018. As a result, there is a noncurrent asset – advances to primary government, recorded in the statements of net position equal to this amount for the year ended June 30, 2018. The Authority also recorded accounts payable in the amount of \$824 and \$2,053 related to capital contributions due to RMUA at June 30, 2019 and 2018.

13. COMMITMENTS

As of June 30, 2019, the Authority had open commitments for construction projects of approximately \$81,752.

14. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87 – Leases – This Statement will be effective for the Authority beginning with its fiscal year ending June 30, 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. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority's management has not yet determined the effect this statement will have on the Authority's financial statements.

TULSA METROPOLITAN UTILITY AUTHORITY
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REQUIRED SUPPLEMENTARY INFORMATION (In thousands of dollars)
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Municipal Employers Retirement Plan
Schedule of the Authority's Proportionate Share – For the current and prior years

	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability for employees whose payroll costs were charged to the Authority	27.80%	27.94%	28.53%	28.03%	28.17%	27.53%
Authority's proportionate share of the net pension liability for employees whose payroll costs were charged to the Authority	\$ 65,292	\$ 54,849	\$ 56,361	\$ 60,625	\$ 35,290	\$ 30,761
Authority's covered payroll for employees whose payroll costs were charged to the Authority	\$ 34,531	\$ 33,368	\$ 33,235	\$ 32,905	\$ 29,197	\$ 30,525
Authority's proportionate share of the net pension liability as a percentage of its covered payroll for employees whose payroll costs were charged to the Authority	189.08%	164.38%	169.58%	184.24%	120.87%	100.77%
Plan fiduciary net position as a percentage of the total pension liability	66.91%	70.61%	69.39%	65.62%	77.13%	79.29%

The amounts presented were determined as of year end.

* Prior year information is not available.

Municipal Employers Retirement Plan
Schedule of the Authority's Payments

Year	Required Contribution	Actual Contributions	Contribution Deficiency (Excess)	City's Covered Payroll funded by Authority payments	Contributions as a percentage of Covered Payroll
2019	\$ 5,352	\$ 5,352	\$ -	\$ 34,531	15.50%
2018	5,172	5,172	-	33,368	15.50%
2017	3,822	3,822	-	33,235	11.50%
2016	3,741	3,741	-	32,530	11.50%
2015	3,572	3,572	-	31,064	11.50%
2014	3,056	3,056	-	30,564	10.00%
2013	3,073	3,073	-	30,732	10.00%
2012	2,851	2,851	-	30,658	9.30%
2011	1,856	1,856	-	29,454	6.30%
2010	1,674	1,674	-	26,573	6.30%

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REQUIRED SUPPLEMENTARY INFORMATION (In thousands of dollars)
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Postemployment Benefits Other than Pensions Plan
Schedule of Proportionate Share - For the current and prior years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's proportion of the total OPEB liability for employees whose payroll costs were charged to the Authority	34.73%	35.25%	35.67%	35.68%
Authority's proportionate share of the total OPEB liability for employees whose payroll costs were charged to the Authority	\$ 2,130	\$ 2,225	\$ 2,010	\$ 2,147
Authority's covered payroll for employees whose payroll costs were charged to the Authority	\$ 37,152	\$ 36,610	\$ 37,133	\$ 36,061
Authority's proportionate share of total OPEB liability as a percentage of its covered payroll for employees whose payroll costs were charged to the Authority	5.7%	6.1%	5.4%	6.0%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%

* Prior year information is not available.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2019	3.51%
2018	3.87%
2017	3.56%
2016	4.00%

