

Metropolitan Tulsa Transit Authority
A Component Unit of the City of Tulsa, Oklahoma

Financial Report
June 30, 2013 and 2012

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Independent Auditor's Report

To the Board of Trustees
Metropolitan Tulsa Transit Authority
Tulsa, Oklahoma

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Metropolitan Tulsa Transit Authority (the Authority), a discretely presented component unity of the City of Tulsa, Oklahoma, as of and for the years ended June 30, 2013 and 2012, and the related notes to the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2013 and 2012, and the changes in its financial position and cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 – 7, and the schedule of funding process on page 22 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards, schedule of operating expenses, excluding depreciation and schedule of project costs, listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards, schedule of operating expenses, excluding depreciation and schedule of project costs, listed in the table of contents as supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, schedule of operating expenses, excluding depreciation and schedule of project costs are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports for the years ended June 30, 2013 and 2012 dated November 14, 2013 and October 5, 2012, respectively, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

McGladrey LLP

Kansas City, Missouri
November 14, 2013

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

**Management's Discussion and Analysis
Year Ended June 30, 2013**

As management of the Metropolitan Tulsa Transit Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended June 30, 2013 and 2012. The Authority is a component unit of the City of Tulsa, Oklahoma. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 8. All amounts are expressed in thousands of dollars.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by approximately \$25,900 (net position). For fiscal year 2012, assets exceeded liabilities by \$25,580.
- During fiscal year 2013, the Authority's total net position increased by approximately \$320. For fiscal year 2012, the Authority's total net position increased by \$7,578.
- The Authority's total liabilities increased by approximately \$107 during fiscal year 2013.
- For the year ended June 30, 2013, net capital assets decreased by approximately \$22. For the year ended June 30, 2012, net capital assets increased by approximately \$7,714.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements include: 1) statement of net position, 2) statement of revenues, expenses and changes in net position, 3) statement of cash flows and 4) notes to basic financial statements. This report also contains other supplementary information to demonstrate compliance with finance-related activities.

Required Financial Statements

The financial statements of the Authority report information using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The statement of net position includes all of the Authority's assets and liabilities 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 of its costs through its user fees and other charges. The third required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and changes in cash resulting from operations, noncapital financing, 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 cash balance during the period.

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

**Management's Discussion and Analysis
Year Ended June 30, 2013**

Net Position

The Authority's net position increased approximately \$320 for fiscal year ended June 30, 2013. The increase is primarily due to an increase in operating revenues. The Authority's net position increased approximately \$7,578 for the fiscal year ended June 30, 2012. The increase is primarily due to additional federal capital revenues.

Net Position
(in thousands of dollars)

	2013	2012	2011
Assets:			
Current and other assets	\$ 3,435	\$ 2,986	\$ 2,740
Capital assets, net	25,754	25,776	18,062
Total assets	\$ 29,189	\$ 28,762	\$ 20,802
Liabilities:			
Current and other liabilities	\$ 1,508	\$ 1,648	\$ 1,412
Long-term liabilities	1,781	1,534	1,388
Total liabilities	3,289	3,182	2,800
Net position:			
Investment in capital assets	25,754	25,776	18,062
Restricted for other purposes	747	592	760
Unrestricted (deficit)	(601)	(788)	(820)
Total net position	\$ 25,900	\$ 25,580	\$ 18,002

Change in Net Position

For the year ended June 30, 2013, the Authority's total operating revenues increased approximately \$61 and operating expenses increased \$704. The key factor for the increase in operating revenues was attributable to increased fixed route ridership. With regard to operating expenses, purchased transportation increased 6 percent, depreciation increased 3 percent and employee fringe benefits increased 5 percent.

For the year ended June 30, 2012, the Authority's total operating revenues increased approximately \$254 and operating expenses decreased \$1,434. The key factor for the increase in operating revenues was attributable to increased ridership. Fixed Route ridership decreased 13 percent from prior year and Lift Program ridership decreased 6 percent from prior year. With regard to operating expenses, purchased transportation decreased 6 percent, depreciation increased 42 percent and employee fringe benefits increased 1 percent.

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

**Management's Discussion and Analysis
Year Ended June 30, 2013**

Changes in Net Position
(in thousands of dollars)

	2013	2012	2011
Operating revenues	\$ 3,350	\$ 3,289	\$ 3,035
Nonoperating and capital revenues	18,723	25,337	18,562
Total revenues	22,072	28,626	21,597
Operating expenses	21,752	21,048	19,614
Nonoperating expenses	-	-	16
Total expenses	21,752	21,048	19,630
Increase in net position	\$ 320	\$ 7,578	\$ 1,967

Capital Assets

The Authority's investment in capital assets as of June 30, 2013 amounts to approximately \$25,754 (net of accumulated depreciation). This investment in capital assets includes revenue and service equipment, land, buildings and other equipment. The Authority made additional capital asset purchases during the year resulting in increased net capital assets.

Net Capital Assets
(in thousands of dollars)

	2013	2012	2011
Revenue equipment	\$ 28,399	\$ 26,739	\$ 20,200
Service equipment	364	441	367
Security equipment	1,270	882	553
Buildings	13,764	13,336	12,490
Shop and garage equipment	2,305	2,192	762
Other equipment	3,225	3,253	3,090
Furniture and fixtures	915	869	866
Construction in progress	227	36	39
Land	2,634	2,634	2,634
	53,102	50,382	41,001
Less accumulated depreciation	(27,348)	(24,606)	(22,939)
Net capital assets	\$ 25,754	\$ 25,776	\$ 18,062

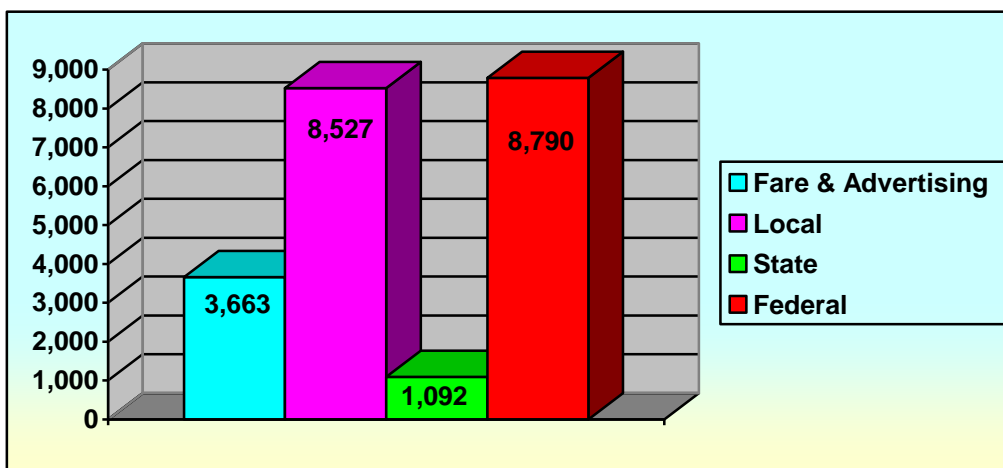
**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

**Management's Discussion and Analysis
Year Ended June 30, 2013**

Economic Factors:

The Authority has 180 employees including bus drivers, mechanics and administrative staff. The Authority provides an array of public transportation programs, which serve residents in Tulsa, Broken Arrow, Jenks and Sand Springs. These services include fixed route bus service, ADA paratransit services for the disabled, commuter bus services, evening deviated fixed-route services, and special event service. The Authority's bus fleet consists of 62 fixed route buses and 52 paratransit vehicles. To coordinate these services and provide information to the public, the Authority operates a customer call center, which processes nearly 710,000 inquiries annually.

Eighty-three percent (83 percent) of the Authority's funding is derived from Local, Federal and State subsidies. The remaining 17 percent is derived from fare and advertising sales, and operating contracts with Broken Arrow, Jenks and Sand Springs. The Authority's FY13 total revenue of \$22,072 is comprised as follows (in thousands):



The FY14 operating subsidy from the City of Tulsa has been reduced by \$37K, the Authority can absorb this reduction without decreasing service hours; however, Federal funding awarded to replace rolling stock has been restructured and will adversely affect the Authority's ability to replace rolling stock. Unless these funds are provided by local revenues, the authority will have to operate rolling stock beyond its useful life. The City of Tulsa has a Capital Improvement Initiative (CIP) that will be voted on in November. The CIP provides \$35,000,000 to fund the replacement of rolling stock and addition of a Bus Rapid Transit System.

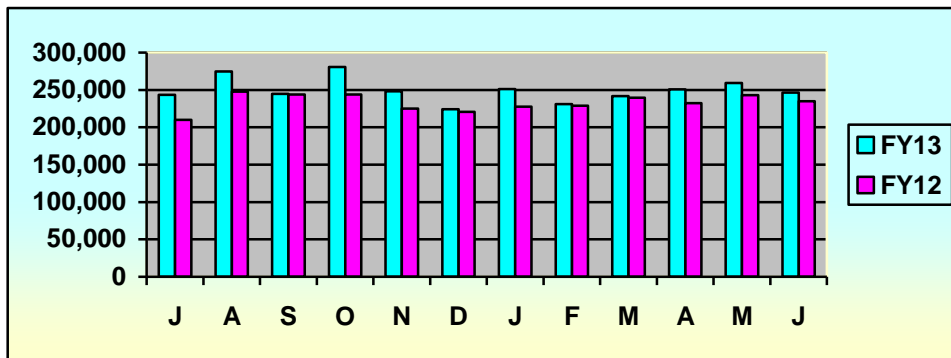
Over the last two fiscal years, Tulsa Transit has completed several capital projects including: procurement of 35 five Compressed Natural Gas (CNG) paratransit buses and 20 CNG fixed route buses; completion of a CNG fueling station; completion of CNG-compliant maintenance facility modifications; performance enhancements to the diesel fleet; implementation of an advanced bus security and surveillance system; bus tracker technologies; and a web-based trip planner for riders. Funding for these projects were provided by FTA capital grants with local and state apportionments providing a portion of the local match. Tulsa Transit has transitioned 32 percent of its fixed route fleet from diesel to CNG, and 67 percent of its paratransit fleet has been transitioned to CNG. The fuel savings are projected to exceed 50 percent, and nitrogen oxide and carbon monoxide emissions are expected to decrease 90 percent and 20 percent, respectively.

**Metropolitan Tulsa Transit Authority
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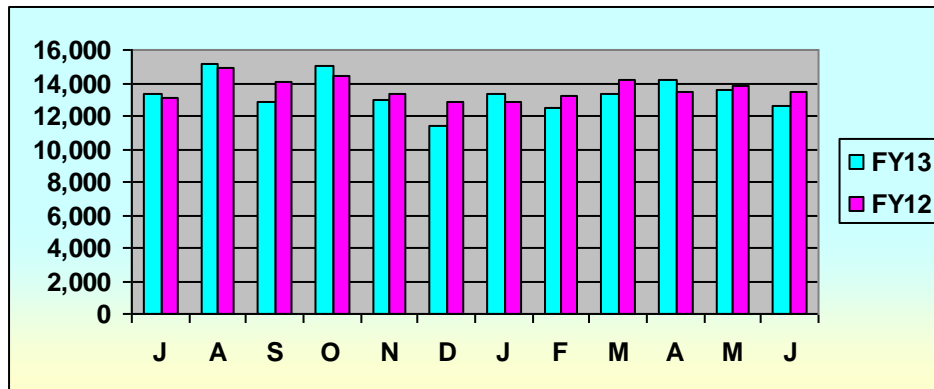
**Management's Discussion and Analysis
Year Ended June 30, 2013**

Economic factors such as gas prices, economic growth (or compression), and funding can impact the Authority's operations. Historically, non-economic factors such as inclement weather can negatively impact operations. With rising gas prices, economic recovery, and local funding restored to prior year levels, the Authority's FY13 fixed route ridership of 2,996,606 increased 7 percent from prior year. FY13 paratransit ridership of 160,139 was 2 percent less than prior year. A comparison of FY13 and FY12 ridership for both fixed route and paratransit (Lift) are shown in the following graph:

FIXED ROUTE RIDERSHIP



LIFT RIDERSHIP



Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all of 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 Chief Financial Officer, Metropolitan Tulsa Transit Authority, 510 S. Rockford Avenue, Tulsa, Oklahoma 74120.

Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)

Statements of Net Position
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,143,248	\$ 984,437
Restricted cash	122,131	134,370
Total cash and cash equivalents	1,265,379	1,118,807
Accounts receivable:		
Trade	220,150	189,812
Operating and capital grants	690,350	669,782
Inventories	569,072	480,661
Prepaid expenses and other	65,372	69,321
Total current assets	2,810,323	2,528,383
Noncurrent assets, restricted cash	625,343	457,770
Capital assets, at cost:		
Revenue equipment	28,398,872	26,739,637
Service equipment	364,044	440,840
Security equipment	1,269,858	881,616
Buildings	13,763,729	13,335,788
Shop and garage equipment	2,305,383	2,191,540
Other equipment	3,224,717	3,253,670
Furniture and fixtures	914,939	868,573
Construction in progress	227,141	36,520
Land	2,633,707	2,633,707
	53,102,390	50,381,891
Less accumulated depreciation	27,348,365	24,605,796
	25,754,025	25,776,095
Total assets	\$ 29,189,691	\$ 28,762,248

See Notes to Basic Financial Statements.

	<u>2013</u>	<u>2012</u>
Liabilities		
Current liabilities:		
Accounts payable:		
Trade	\$ 687,913	\$ 590,288
Other	43,677	109,676
Accrued wages payable	140,078	134,234
Accrued compensated absences	77,499	79,067
Accrued insurance claims	448,499	401,752
Accrued pension contributions	70,976	63,116
Line of credit	39,244	260,691
Unearned revenue	-	9,000
Total current liabilities	<u>1,507,886</u>	<u>1,647,824</u>
Noncurrent liabilities:		
Advances payable to the City of Tulsa	326,000	326,000
Net pension obligation	476,455	341,273
Other postemployment benefits	386,431	258,871
Accrued compensated absences	592,745	608,469
Total noncurrent liabilities	<u>1,781,631</u>	<u>1,534,613</u>
Total liabilities	<u>3,289,517</u>	<u>3,182,437</u>
Net position:		
Investment in capital assets	25,754,025	25,776,095
Restricted, expendable for capital acquisitions	625,343	457,770
Restricted, expendable for worker's compensation	122,131	134,370
Unrestricted, deficit	(601,325)	(788,424)
Total net position	<u>\$ 25,900,174</u>	<u>\$ 25,579,811</u>

Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Passenger	\$ 2,687,860	\$ 2,619,708
Advertising	605,986	613,106
Other	56,035	56,399
Total operating revenues	3,349,881	3,289,213
Operating expenses:		
Labor	6,488,294	6,020,085
Purchased transportation	2,889,667	2,734,637
Materials and supplies consumed	3,239,964	3,525,165
Fringes	3,507,863	3,312,544
Services	778,610	813,138
Insurance	111,065	96,729
Utilities	410,792	382,132
Depreciation	3,921,033	3,816,821
Other	404,759	346,671
Total operating expenses	21,752,047	21,047,922
Operating loss	(18,402,166)	(17,758,709)
Nonoperating revenues:		
Federal Transit Administration operating grants	5,266,394	5,047,374
State of Oklahoma operating grants	1,092,500	1,092,500
City of Tulsa operating appropriations	7,892,000	7,450,000
Interest	2,784	2,675
Gain on disposal of capital assets	20,017	33,581
Other	272,737	274,000
Nonoperating revenues, net	14,546,432	13,900,130
Deficiency of revenues over expenses before capital appropriations, capital grants and capital contributions	(3,855,734)	(3,858,579)
Capital grants, Federal Transit Administration	3,540,861	11,014,757
Capital appropriations, City of Tulsa	635,236	315,297
Capital contributions	-	106,204
Change in net position	320,363	7,577,679
Net position, beginning of year	25,579,811	18,002,132
Net position, end of year	\$ 25,900,174	\$ 25,579,811

See Notes to Basic Financial Statements.

Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)

Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Cash received from customers	\$ 3,310,543	\$ 3,233,846
Cash payments to suppliers for goods and services	(7,992,004)	(7,784,993)
Cash payments to employees	(9,737,003)	(9,411,431)
Net cash (used in) operating activities	(14,418,464)	(13,962,578)
Cash flows from noncapital financing activities:		
Operating grants received from Federal Transit Administration	5,245,826	4,586,641
Operating appropriations received from the City of Tulsa	7,892,000	7,450,000
Operating grants received from the state of Oklahoma	272,737	1,092,500
Other assistance received	1,092,500	274,000
Payments on (proceeds from) line of credit	(221,447)	253,511
Net cash provided by noncapital financing activities	14,281,616	13,656,652
Cash flows from capital and related financing activities:		
Capital expenditures	(3,747,905)	(11,437,608)
Capital contributions from Federal Transit Administration	3,540,861	11,014,757
Capital contributions from the City of Tulsa	635,236	315,297
Proceeds from sale of capital assets	20,017	46,778
Net cash provided by (used in) capital and related financing activities	448,209	(60,776)
Cash flows provided by investing activities, interest earned	2,784	2,675
Increase (decrease) in cash and cash equivalents	314,145	(364,027)
Cash and cash equivalents, beginning of year	1,576,577	1,940,604
Cash and cash equivalents, end of year	\$ 1,890,722	\$ 1,576,577
Reconciliation of operating loss to net cash (used in) operating activities:		
Operating loss	\$ (18,402,166)	\$ (17,758,709)
Depreciation	3,921,033	3,816,821
Changes in operating assets and liabilities:		
Accounts receivable	(30,338)	(55,367)
Inventories	(88,411)	(189,120)
Prepaid expenses and other	3,949	92,915
Accounts payable	(119,432)	152,198
Accrued liabilities	323,193	57,486
Payable to employees	(9,000)	(78,802)
Unearned revenue	(17,292)	-
Net cash (used in) operating activities	\$ (14,418,464)	\$ (13,962,578)
Noncash capital and related financing activities,		
Capital assets recorded in accounts payable at year end	\$ 151,058	\$ -
Capital contributions	-	106,204

See Notes to Basic Financial Statements.

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Notes to Basic Financial Statements

Note 1. Nature of Business, Reporting Entity and Significant Accounting Policies

Nature of business:

The Metropolitan Tulsa Transit Authority (the Authority) was created by a trust indenture to provide a means of financing and operating municipal public transportation services. The provisions of the trust provide that the Authority will acquire and operate the transportation services, receive all revenue generated from the transportation services, pay all operating expenses and finance future improvements.

Reporting entity:

The City of Tulsa, Oklahoma (the City) is the beneficiary of the trust operated by the Authority and upon termination of the trust, title to the assets of the Authority shall pass to the City. The Authority is a component unit of the City and is included in the City's Comprehensive Annual Financial Report as a discretely presented component unit.

Significant accounting policies:

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

Cash and cash equivalents: The Authority considers all investments which have an original maturity of 90 days or less to be cash equivalents. The Authority defines cash and cash equivalents used in the statement of cash flows as all cash and liquid investments with original maturities of 90 days or less (both restricted and unrestricted).

Restricted cash: The Authority is required to maintain a capital match account for its local share of capital assets purchased with the Federal Transit Administration (FTA). Restricted cash also includes reserves to comply with the worker's compensation agreement.

Inventories: The parts and fuel inventories are stated at the lower of cost or market with cost being determined on an average cost basis.

Capital assets: Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$2,500, and an initial useful life of one year or greater. Capital assets are stated at cost. Depreciation of capital assets is computed using the straight-line method over the estimated useful life of each asset.

Revenue equipment	4 - 12 years
Service, shop, garage and other equipment	3 - 10 years
Furniture and fixtures	4- 10 years
Buildings	10 - 30 years

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Notes to Basic Financial Statements

Note 1. Nature of Business, Reporting Entity and Significant Accounting Policies (Continued)

Maintenance and repairs are charged against operations, while renewals and betterments are capitalized. When a capital asset is retired or otherwise disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Capital contributions and operating grants: Capital contributions represent capital grants and other capital contributions for which all applicable eligibility requirements have been met by the Authority.

The Authority follows the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which establishes accounting and financial reporting standards to guide state and local governments' decisions about when and how to report the results of nonexchange transactions involving cash and other financial and capital resources.

It is the policy of the City to support the Authority's operations at a level which permits the Authority to operate on a break-even basis, exclusive of depreciation and capital transactions.

Compensated absences: Authority policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as Social Security and Medicare taxes computed using rates in effect at that date.

	2012	Additions	Deletions	2013	Due in One Year
Compensated absences	\$ 687,536	\$ 670,244	\$ 687,536	\$ 670,244	\$ 77,499

	2011	Additions	Deletions	2012	Due in One Year
Compensated absences	\$ 707,363	\$ 687,536	\$ 707,363	\$ 687,536	\$ 79,067

Net position: Net position of the Authority represents the difference between assets and liabilities. Investment in capital assets consist of capital assets net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or, laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Authority first applies restricted resources. Unrestricted net position is remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets or restricted.

Income taxes: The Authority, as a political subdivision of the City, is excluded from federal income taxes under Section 115(1) of the internal Revenue Code, as amended.

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Notes to Basic Financial Statements

Note 1. Nature of Business, Reporting Entity and Significant Accounting Policies (Continued)

Risk management: The Authority is exposed to various risks of loss from torts; theft of damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased in conjunction with the City for claims arising from such matters other than bodily injury, property damage and workers' compensation. For bodily injury and property damage, losses are limited by the Oklahoma Tort Claims Act. The act limits liability to \$125,000 per claimant bodily injuries and \$25,000 per claimant property damage with a maximum loss per occurrence of \$1,000,000. For workers' compensation, losses incurred for the first \$350,000 per claim and any excess over \$5,000,000 per claim are retained by the Authority. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The Authority is self-insured for a portion of its exposure to risk of loss from bodily injury, property damages and workers' compensation. Annual estimated provisions are accrued for the self-insured portion of bodily injury, property damage and workers' compensation claims and includes an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Note 2. Deposits and Investments

Deposits: As of June 30, 2013 and 2012, the Authority's cash equivalents consisted of checking accounts, interest bearing savings accounts, and certificates of deposit. The Authority had no investments. Custodial credit risk is the risk that in the event of a bank failure a government's deposits may not be returned to it. The Authority's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the state of Oklahoma; bonds of any city, county, school district or special road district of the state of Oklahoma; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

The Federal Deposit Insurance Corporation (FDIC) insured all Authority deposits from July 1, 2011 to December 31, 2012 in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act which allowed unlimited FDIC coverage for noninterest-bearing transaction accounts held with participating institutions. On January 1, 2013 the Dodd-Frank Wall Street Reform and Consumer Protection Act expired which lowered FDIC coverage to \$250,000 per deposit account. As of June 30, 2013 one of the Authority's bank balances of \$1,889,337 was uninsured and uncollateralized. As of the report date the Authority has obtained collateral for the account and all accounts are fully insured and collateralized. As of June 30, 2012 none of the Authority's bank balances of \$1,576,577 were uninsured and uncollateralized.

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Notes to Basic Financial Statements

Note 3. Capital Assets

The changes in capital assets for the years ended June 30, 2013 and 2012 were as follows:

	2013				Ending Balance
	Beginning Balance	Additions	Reductions	Transfers	
Capital assets not being depreciated,					
Construction in progress	\$ 36,520	\$ 221,821	\$ -	\$ (31,200)	\$ 227,141
Land	2,633,707	-	-	-	2,633,707
Total capital assets not being depreciated	2,670,227	221,821	-	(31,200)	2,860,848
Capital assets being depreciated:					
Revenue equipment	26,739,637	2,201,050	(621,013)	79,198	28,398,872
Service equipment	440,840	-	(28,798)	(47,998)	364,044
Security equipment	881,616	388,242	-	-	1,269,858
Buildings	13,335,788	427,941	-	-	13,763,729
Shop and garage equipment	2,191,540	395,551	(281,708)	-	2,305,383
Other equipment	3,253,670	217,992	(246,945)	-	3,224,717
Furniture and fixtures	868,573	46,366	-	-	914,939
Total capital assets being depreciated	47,711,664	3,677,142	(1,178,464)	31,200	50,241,542
Accumulated depreciation:					
Revenue equipment	12,125,128	2,683,143	(621,013)	11,975	14,199,233
Service equipment	324,887	41,684	(28,798)	(11,975)	325,798
Security equipment	260,492	173,248	-	-	433,740
Buildings	7,977,491	411,195	-	-	8,388,686
Shop and garage equipment	603,290	186,718	(281,708)	-	508,300
Other equipment	2,465,628	403,119	(246,945)	-	2,621,802
Furniture and fixtures	848,880	21,926	-	-	870,806
Total accumulated depreciation	24,605,796	3,921,033	(1,178,464)	-	27,348,365
Total capital assets being depreciated, net	23,105,868	(243,891)	-	31,200	22,893,177
Capital assets, net	\$ 25,776,095	\$ (22,070)	\$ -	\$ -	\$ 25,754,025

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

	2012				Ending Balance
	Beginning Balance	Additions	Reductions	Transfers	
Capital assets not being depreciated,					
Construction in progress	\$ 38,650	\$ -	\$ (2,130)	\$ -	\$ 36,520
Land	2,633,707	-	-	-	2,633,707
Total capital assets not being depreciated	2,672,357	-	(2,130)	-	2,670,227
Capital assets being depreciated:					
Revenue equipment	20,200,499	8,065,266	(1,429,312)	(96,816)	26,739,637
Service equipment	367,292	71,997	(95,265)	96,816	440,840
Security equipment	553,343	652,367	(361,717)	37,623	881,616
Buildings	12,489,753	846,035	-	-	13,335,788
Shop and garage equipment	761,636	1,429,904	-	-	2,191,540
Other equipment	3,090,334	471,581	(270,622)	(37,623)	3,253,670
Furniture and fixtures	866,257	8,792	(6,476)	-	868,573
Total capital assets being depreciated	38,329,114	11,545,942	(2,163,392)	-	47,711,664
Accumulated depreciation:					
Revenue equipment	10,807,599	2,805,572	(1,424,181)	(63,862)	12,125,128
Service equipment	301,350	54,940	(95,265)	63,862	324,887
Security equipment	531,320	77,689	(353,651)	5,134	260,492
Buildings	7,572,983	404,508	-	-	7,977,491
Shop and garage equipment	530,443	72,847	-	-	603,290
Other equipment	2,359,096	382,288	(270,622)	(5,134)	2,465,628
Furniture and fixtures	836,379	18,977	(6,476)	-	848,880
Total accumulated depreciation	22,939,170	3,816,821	(2,150,195)	-	24,605,796
Total capital assets being depreciated, net	15,389,944	7,729,121	(13,197)	-	23,105,868
Capital assets, net	\$ 18,062,301	\$ 7,729,121	\$ (15,327)	\$ -	\$ 25,776,095

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Notes to Basic Financial Statements

Note 4. Pension Plans

Each qualified Authority employee is included in one of two pension plans depending on their status as union or salaried personnel. Each plan is administered by a separate board of trustees and the assets are held in custody by certain banks.

A summary of significant data for each of the pension plans follows:

Municipal Employees' Pension Plan: The Authority contributes to the Municipal Employees' Pension System (the Plan), a cost sharing multiple-employer defined benefit pension plan administered by the City of Tulsa, Oklahoma. The Plan was established by the City in accordance with the City Charter and state statutes and is reported in the City's Municipal Pension Trust Fund. Nonuniform, nonelected full-time employees of the Authority along with other employees of the City and certain related agencies participate in this plan immediately upon employment. Employees become 100 percent vested after five years of employment.

Pension provisions include death benefits for the surviving spouse. The Plan does not provide a monthly income for disabled participants; however, under certain conditions, employees who become disabled may be eligible to receive their full retirement at age 65 even though they were unable to work up to the retirement age.

The Authority to establish and amend requirements of plan members and the Plan is set forth in the City Charter and state statutes and is vested in the Plan's board of trustees, which are appointed by the mayor with approval of the City Council. Plan members are required to contribute 5.0 percent of their annual covered salary. The Authority is required to contribute at an actuarially determined rate; the rate was 11 percent, 9.3 percent and 6.3 percent for the years ended 2013, 2012 and 2011, respectively. The Authority's contributions to the Plan for fiscal years 2013, 2012 and 2011 were approximately \$237,000, \$139,000 and \$122,000, respectively, which equaled its required portion of the contributions for each year.

The Plan is reported as a Municipal Pension Trust Fund in the City's 2013 Comprehensive Annual Financial Report. The Plan does not issue a stand-alone, financial report and is not included in the report of a public employee retirement system.

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

	2012	Additions	Deletions	2013	Due in One Year
Net pension obligation	\$ 105,239	\$ 225,970	\$ 237,232	\$ 93,977	\$ -
	2011	Additions	Deletions	2012	Due in One Year
Net pension obligation	\$ 71,801	\$ 172,438	\$ 139,000	\$ 105,239	\$ -

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Notes to Basic Financial Statements

Note 4. Pension Plans (Continued)

Union Employees' Pension Plan: The Authority has a pension plan (the Union Plan) covering substantially all of its union employees, which is a single-employer defined benefit pension plan. The Union Plan provides retirement, disability, death and termination benefits to plan members and beneficiaries. The Authority and Local 892 of the Amalgamated Transit Union (the Union) are parties to the Metropolitan Tulsa Transit Authority Union Employees' Pension Plan Agreement (the Agreement) dated July 1, 1975, as amended, and have the authority to establish and amend benefit provisions through renegotiation of the Agreement. The employer and employee contribution rates are determined by the Agreement. The employee contribution rate for fiscal years 2013 and 2012 was 4 percent. The employer contribution rate for fiscal years 2013 and 2012 was 9 percent.

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

All full-time employees represented by the Union who have both completed one year of employment and attained age 21 are eligible to participate in the Union Plan. Participants become 100 percent vested after ten years of service.

The annual required contribution for the current year was determined as part of the July 1, 2010, actuarial valuation using the entry age normal cost method. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial liability is being amortized as a level percent of payroll over an open amortization period, which is currently 30 years.

Union Plan assets consist of fixed income funds, equity securities and short-term investments whose value is determined using market values. There are no investments in any organization representing 5 percent or more of the plan net assets. There are no investments in loans to or leases with related parties to the Union Plan. Actuarial valuation assumptions include the use of a 7.5 percent discount rate and a projected salary increase of 3.25 percent per year to retirement age.

	2013	2012
Annual required contribution (ARC)	\$ 408,337	\$ 306,166
Interest on net pension obligation	19,027	12,927
Adjustment to ARC	2,984	9,983
Annual pension cost	430,348	329,076
Contributions made	283,904	252,465
Increase in net pension obligation	146,444	76,611
Net pension obligation, July 1, 2012	236,034	159,423
Net pension obligation, June 30, 2013	\$ 382,478	\$ 236,034

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Notes to Basic Financial Statements

Note 4. Pension Plans (Continued)

The Authority's annual pension cost and net pension obligation is as follows:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2013	\$ 430,348	89% *	\$ 382,478
2012	329,076	72 *	236,034
2011	342,474	47 *	159,423

* A portion of this amount was contributed with interest subsequent to June 30.

Funded status and funding progress as of June 30, 2013: As of July 1, 2013, the most recent actuarial valuation date, the Union Plan was 80.6 percent funded. The actuarial value of assets was \$9,121,142 and the actuarial accrued liability was \$11,325,407 resulting in a total unfunded actuarial liability of \$2,204,265. The annual covered payroll (annual payroll of active employees covered by the plan) was \$3,171,667 and the ratio of the unfunded actuarial liability to annual covered payroll was 69.5 percent.

Funded status and funding progress as of June 30, 2012: As of July 1, 2011, the most recent actuarial valuation date, the Union Plan was 85.1 percent funded. The actuarial value of assets was \$9,252,910 and the actuarial accrued liability was \$10,875,619 resulting in a total unfunded actuarial liability of \$1,622,709. The annual covered payroll (annual payroll of active employees covered by the plan) was \$2,805,171 and the ratio of the unfunded actuarial liability to annual covered payroll was 58 percent.

The required schedule of funding progress presented immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 5. Other Postemployment Benefits (OPEB)

The City provides postemployment health care benefits for retired employees and their dependents through the City of Tulsa Postretirement Medical Plan (the Plan), a single-employer defined benefit health care plan. The benefits, coverage levels, employee contributions and employer contributions are governed by the City through its personnel and union contracts.

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.

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Notes to Basic Financial Statements

Note 5. Other Postemployment Benefits (OPEB) (Continued)

The actuarial valuation of liabilities under the plan is calculated using the entry age normal cost method as of the July 1, 2012 and 2011 actuarial valuations. This method requires the calculation of an unfunded actuarially accrued liability, which was approximately \$28,539,000 and \$27,437,000 for the City as of June 30, 2013 and 2012, respectively. The Authority's portion of the unfunded actuarially accrued liability is not separately determinable.

The City's actuarially determined annual required contributions (ARC) for fiscal years ended June 30, 2013 and 2012 were \$2,880,000 and \$2,768,656, respectively, of which \$1,685,000 and \$1,155,000 were paid on a pay-as-you-go basis in 2013 and 2012, respectively. The Authority was allocated \$386,431 and \$258,871 of the net OPEB obligation for the fiscal years ended June 30, 2013 and 2012, respectively, which has been reflected in the financial statements. The amount allocated to the Authority is based on the covered employees compared to the total covered employees for the Plan of the active eligible employees. The complete details of the plan are disclosed in the City's Comprehensive Annual Financial Report.

Note 6. Commitments and Contingencies

In the normal course of operations, the Authority receives grant funds from federal agencies. The grant programs are subject to audit by agents of the granting agency, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

The Authority is party to other legal proceedings which arise in the normal course of operations. Any liability resulting from these proceedings is not believed by management to have a material effect on the financial statements.

As of June 30, 2013, the Authority has entered into contracts totaling approximately \$3,675,000 which will be funded primarily by federal grants, as well as local capital contributions and the line of credit.

Note 7. Related-Party Transactions

During the years ended June 30, 2013 and 2012, the Authority received no advances from the City, although \$326,000 of prior advances were outstanding as of June 30, 2013 and 2012.

During the years ended June 30, 2013 and 2012, the Authority received operating appropriations from the City of \$7,892,000 and \$7,450,000, respectively. During the years ended June 30, 2013 and 2012, the Authority received capital appropriations from the City of \$635,236 and \$315,297, respectively.

Note 8. Self-Insurance Liability

The Authority is self-insuring its liability for bodily injury and property damage losses incurred. Losses are limited by the Oklahoma Tort Claims Act. The act limits liability to \$125,000 per claimant bodily injuries and \$25,000 per claimant property damage with a maximum loss per occurrence of \$1,000,000. The Authority is also self-insuring its liability for workers' compensation losses incurred for the first \$350,000 per claim and any excess over \$5,000,000 per claim. Losses estimated to have been incurred and not paid as of the balance sheet date are accrued as a liability. These loss estimates are determined using the history of claims activity from prior years to predict losses which have been incurred but not reported to the Authority.

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Notes to Basic Financial Statements

Note 8. Self-Insurance Liability (Continued)

The following is a summary of the self-insurance activity during the fiscal years ended June 30, 2013, 2012 and 2011, respectively:

	2013	2012	2011
Liability, beginning of year	\$ 401,752	\$ 344,266	\$ 285,588
Claims incurred:			
Auto/general	51,860	52,343	306,237
Workers' compensation	92,015	39,038	200,406
Claims paid	(97,128)	(33,895)	(447,965)
Liability, end of year	<u>\$ 448,499</u>	<u>\$ 401,752</u>	<u>\$ 344,266</u>

The accrued insurance claims liability as of June 30, 2013 and 2012, also includes a workers' compensation bonus accrual of \$0 and \$108,000, respectively, for union employees without any worker's compensation claims during the year.

Note 9. Line of Credit

The Authority has a revolving line of credit with F&M Bank in the amount of \$650,000 which expires May 15, 2014. As of June 30, 2013 and 2012, there was \$39,244 and \$260,691 borrowed and outstanding against the line of credit. The line of credit bears a variable interest rate equal to the commercial prime interest rate, which was 4 percent as of June 30, 2013 and 2012.

Note 10. Future Changes in Accounting Pronouncements

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the Authority beginning with its year ending June 30, 2015. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that met certain criteria.

This Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively comparably measure the annual costs of pension costs. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

**Required Supplementary Information
Union Employees' Pension Plan**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over- funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
07/01/2013	\$ 9,121,142	\$ 11,325,407	\$ 2,204,265	80.6%	\$ 3,171,667	69.5%
07/01/2011	9,252,910	10,875,619	1,622,709	85.1	2,805,171	57.8
07/01/2010	8,844,751	10,372,628	1,527,877	85.3	3,044,226	50.2

See Note to Required Supplementary Information.

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

Note to Required Supplementary Information

Valuation date	July 1, 2013
Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Actuarial asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	3.25%
Inflation rate	3.0%
Cost-of-living adjustments	None

**Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)**

**Supplemental Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013**

Federal Grantor/ Program Title	Project Number	CFDA #	Program or Award Amount	Unexpended Balance at July 1, 2012
U.S Department of Transportation (Direct)				
	OK-04-0018-00	20.500	\$ 1,240,500	\$ 1,240,500
	OK-04-0017-00	20.500	750,000	750,000
	OK-57-X020-00	20.521	54,035	20,641
	OK-04-0006-00	20.500	245,000	114,120
	OK-39-0001-00	20.522	137,600	810
	OK-90-X087-00	20.507	5,764,000	180,869
	OK-90-X095-01	20.507	6,953,517	222,177
	OK-90-X100-01	20.507	6,465,926	297,174
	OK-95-X003-01	20.507	650,000	316,879
ARRA	OK-96-X003-01	20.507	8,853,448	476,464
	OK-04-0011-00	20.500	712,500	166,203
	OK-90-X104-00	20.507	6,595,908	467,686
	OK-04-0014-00	20.519	2,500,000	868,983
	OK-90-X109-00	20.507	6,340,747	4,973,316
	OK-37-X043-00	20.507	320,725	320,725
	OK-95-X005-00	20.507	607,323	-
	OK-90-X113-00	20.507	3,023,022	-
			<u>\$ 51,214,251</u>	<u>\$ 10,416,547</u>

Grant Amendments/ During Awarded Current Year	Other Income and Matching	Current Year Expenditures Federal	Current Year Expenditures Federal and Local	Unexpended Balance at July 1, 2013
\$ -	\$ 293,302	\$ 1,173,207	\$ 1,466,509	\$ 67,293
-	135,793	543,173	678,966	206,827
-	20,641	20,641	41,282	-
-	28,530	114,120	142,650	-
-	203	810	1,013	-
-	18,103	72,411	90,514	108,458
-	12,505	50,019	62,524	172,158
-	31,705	126,820	158,525	170,354
-	16,298	111,304	127,602	205,575
-	-	455,529	455,529	20,935
-	41,551	166,203	207,754	-
-	54,672	218,718	273,390	248,968
-	24,163	96,651	120,814	772,332
-	1,129,875	4,519,501	5,649,376	453,815
-	263,925	263,925	527,850	56,800
607,323	-	-	-	607,323
3,023,022	144,048	744,933	888,981	2,278,089
<u>\$ 3,630,345</u>	<u>\$ 2,215,314</u>	<u>\$ 8,677,965</u>	<u>\$ 10,893,279</u>	<u>\$ 5,368,927</u>

Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)

Schedule of Operating Expenses, Excluding Depreciation
Year Ended June 30, 2013

Labor:

Operator salaries and wages	\$ 3,363,121
Transportation administration	333,184
System security	180,643
Servicing of revenue vehicles	164,057
Maintenance administration	157,232
Maintenance and inspection of revenue vehicles	889,632
Service development	76,036
General office administration	1,319,996
Safety and training administration	4,393
Total labor	<u>6,488,294</u>

Purchased transportation:

Lift program, ADA	2,613,548
Fixed route	276,119
Total purchased transportation	<u>2,889,667</u>

Materials and supplies consumed:

Diesel fuel	1,300,875
Compressed natural gas	143,357
Gasoline service	59,237
Oil and lubricants	103,519
Tires and tubes	134,092
Shop and garage building repair	344,422
Service and shop equipment	51,179
Other shop and garage expense	80,904
Repair parts for revenue vehicles	738,645
Servicing supplies	125,741
Transportation and safety	10,434
Schedules	29,657
Tickets and transfers	34,782
General office expenses	83,120
Total materials and supplies consumed	<u>3,239,964</u>

(Continued)

Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)

Schedule of Operating Expenses, Excluding Depreciation (Continued)
Year Ended June 30, 2013

Fringes:

FICA taxes	524,449
Pension plan expenses	612,109
Other postemployment benefits	158,024
Health and dental expense	1,121,618
Life and disability insurance	58,852
Workers' compensation insurance (including self-insurance)	341,950
Sick leave	181,969
Holiday pay	180,339
Vacation pay	203,576
Uniform allowance - drivers	43,024
Work clothing and tool allowance, mechanics	30,509
Unemployment tax, state	20,050
Other	31,394
Total fringes	3,507,863

Services:

Legal fees	48,377
Audit and other outside services	36,100
Office equipment maintenance	9,573
Advertising	261,771
Professional and technical services	252,889
Building, vehicle and facility services	150,085
Security services	19,815
Total services	778,610

Insurance, property and liability insurance (including self-insurance)	111,065
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Utilities:

Heat, power and water	252,719
Communications	158,073
Total utilities	410,792

(Continued)

Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)

Schedule of Operating Expenses, Excluding Depreciation (Continued)
Year Ended June 30, 2013

Other:	
Planning expense	212,306
Dues and subscriptions	27,293
Travel and meetings, staff	20,368
Marketing and advertising	64,375
Training	19,746
Other miscellaneous expenses	37,917
Interest	6,553
Leases and rentals	16,201
Total other	<u>404,759</u>
Total operating expenses, excluding depreciation	<u><u>\$ 17,831,014</u></u>

Metropolitan Tulsa Transit Authority
(A Component Unit of the City of Tulsa, Oklahoma)

Schedule of Projects Costs
Year Ended June 30, 2013

Total operating expenses:	
Labor	\$ 6,488,294
Purchased transportation	2,889,667
Materials and supplies consumed	3,239,964
Fringes	3,507,863
Services	778,610
Insurance	111,065
Utilities	410,792
Other	404,759
Total operating expenses, excluding depreciation	<u>17,831,014</u>
Depreciation	3,921,033
Total operating expenses	<u>21,752,047</u>
Less exclusions:	
Ineligible expenses:	
Depreciation	3,921,033
Contra-expense, interest earned on working capital	(2,784)
Other exclusions, expenses reimbursable by:	
Planning assistance, FTA	1,240,750
Revolving transit funds, Oklahoma	1,092,500
CMAQ operating assistance, FTA	49,476
Preventative maintenance assistance, FTA	2,522,003
Lift program assistance, FTA	1,023,844
Job access assistance, FTA	284,566
Lease assistance, FTA	128,647
Total exclusions	<u>10,260,035</u>
Eligible operating expenses	<u>11,492,012</u>
Less:	
Passenger farebox revenues	2,687,860
Contract services and other	56,035
	<u>2,743,895</u>
Net eligible project cost	<u>8,748,117</u>
Less local share of operating assistance:	
City of Tulsa	7,892,000
Advertising revenues	605,986
Other	272,737
	<u>8,770,723</u>
Net revenues before applying FTA operating funds	<u>\$ (22,606)</u>