TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)

FINANCIAL REPORT
June 30, 2015

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
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Independent Auditor's Report

Board of Trustees
Tulsa Public Facilities Authority
Tulsa, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Tulsa Public Facilities Authority (Authority), a blended component unit of the City of Tulsa, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise 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 audit. We did not audit the financial statements of The Operations of the BOK Center, as managed by SMG, or The Operations of the Cox Business Center, as managed by SMG, an agent operating these facilities as discussed in Note 16 to the financial statements, which are included within the financial statements of the Arena and Convention Center major enterprise fund. This activity represents 8 percent and 80 percent, respectively, of the total assets and total revenues of the Arena and Convention Center major enterprise fund, and 6 percent and 51 percent, respectively, of the total assets and total revenues of the business-type activities. Those statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for The Operations of the BOK Center, as managed by SMG, and The Operations of the Cox Business Center, as managed by SMG, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Authority, as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As described in Note 20, the Authority adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pension – an Amendment of GASB Statement No. 27*, which restated beginning net position of the business-type activities and One Technology Center Fund to record the net pension liability. Our opinion is not modified with respect to this matter.

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 through 7 and pension information on page 36, 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 Authority's basic financial statements. The combining schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

RSM US LLP

Kansas City, Missouri
January 19, 2016

As management of the Tulsa Public Facilities Authority (the "Authority"), a blended component unit of the City of Tulsa (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 year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page eight. All dollar 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 most recent year by $193,980.
- The Authority's net position decreased to $193,980 as of June 30, 2015 from $202,221 as of June 30, 2014.
- The Authority's liabilities decreased by $10,428 as of June 30, 2015. The repayment of $5,275 in revenue bonds was the primary driver. Unearned revenue also decreased $5,072 relating to arena facility revenue.

Overview of the Financial Statements

The Authority, a legally separate public trust, is reported by the City as a blended component unit. As such, the activities of the Authority are reported in various enterprise funds and internal service funds within the City's Comprehensive Annual Financial Report. The primary functions of the Authority are to issue revenue bonds, the proceeds of which may be loaned to the City or one of its component units and use bond proceeds to acquire, construct and ultimately lease governmental facilities to the City or one of its component units. The Authority also leases commercial office space to the City and private sector companies and manages the One Technology Center ("OTC"), the BOK Arena, and the Cox Business Center facilities.

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The Authority uses fund accounting in its financial statements to demonstrate compliance with finance related legal requirements. 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 four enterprise funds. Enterprise funds are used to report functions presented as business-type activities.

The basic 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, liabilities and deferred outflows/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 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 operating, investing, noncapital financing and capital 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.

Net Position

The Authority's net position decreased to $193,980 at June 30, 2015, from $202,221 at June 30, 2014. The following table provides a summary of net position:

SUMMARY OF NET POSITION

	2015	2014 (as restated)	Dollar Change	Percent Change
Current assets	$ 26,903	$ 28,935	$ (2,032)	(7.0%)
Capital assets, net	239,156	250,227	(11,071)	(4.4%)
Other assets	22,703	28,427	(5,724)	(20.1%)
Total assets	288,762	307,589	(18,827)	(6.1%)
Deferred outflow of resources	115	-	115	100.0%
Current liabilities	13,070	19,552	(6,482)	(33.2%)
Noncurrent liabilities	81,516	85,462	(3,946)	(4.6%)
Total liabilities	94,586	105,014	(10,428)	(9.9%)
Deferred inflow of resources	311	354	(43)	(12.1%)
Net investment in capital assets	178,878	186,943	(8,065)	(4.3%)
Restricted	2,542	5,803	(3,261)	(56.2%)
Unrestricted	12,560	9,475	3,085	32.6%
Net position	$ 193,980	$ 202,221	$ (8,241)	(4.1%)

Current assets decreased $2,032 primarily due to decrease in restricted cash from arena events of $5,299 offset by an increase in unrestricted cash of $3,490. Capital assets decreased $11,071 resulting from annual depreciation. Other assets decreased $5,724 as a result of non-pooled investments decreasing $2,001, capital lease receivable decreasing $610, decreases in advances to primary government of $1,814 and a decrease in advances to related entities of $1,292.

Total liabilities decreased $10,428 primarily due to decreases in unearned revenue related to the arena facility of $4,976 and a $5,275 decrease as a result of scheduled debt payments on revenue bonds.

Net Position, continued

SUMMARY OF CHANGES IN NET POSITION

	2015	2014 (as restated)	Dollar Change	Percent Change
Operating revenues	$ 25,841	$ 23,294	$ 2,547	10.9%
Nonoperating revenues	2,217	7,244	(5,027)	(69.4%)
Total revenues	28,058	30,538	(2,480)	(8.1%)
Operating expenses	32,248	29,648	2,600	8.8%
Nonoperating expenses	4,051	4,252	(201)	(4.7%)
Total expenses	36,299	33,900	2,399	7.1%
Capital contributions, intergovernmental	-	40	(40)	(100.0%)
Change in net position	(8,241)	(3,322)	(4,919)	(148.1%)
Net position, beginning of year	202,221	205,543	(3,322)	(1.6%)
Net position, end of year	$ 193,980	$ 202,221	$ (8,241)	(4.1%)

In 2015, the Authority's operating revenues increased $2,547 or 10.9%, a result of arena facility revenue increasing. Nonoperating revenues decreased $5,027, last year included $2,171 gain on the disposal of capital assets, a decrease in payments from primary government of $2,813 and a decrease in investment income of $43.

Operating expenses increased $2,600 or 8.8%. Operating expenses for the Arena increased $1,787 as a result of an increase in large events and One Technology Center also had an increase in operating expenses of $833. These expenses were offset by a decrease of $158 in materials and supplies for One Technology Center. Nonoperating expenses decreased $201 as a result of a decrease in interest expense.

Capital Assets

The Authority's investment in capital assets as of June 30, 2015, amounts to $239,156 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, parking garage, leasehold improvements and artwork.

CAPITAL ASSETS

	2015	2014	Dollar Change	Percent Change
Land	$ 16,465	$ 16,465	$ -	0.0%
Artwork	653	653	-	0.0%
Construction-in-progress	138	1,728	(1,590)	(92.0%)
Leasehold improvements	55,498	55,399	99	0.2%
Buildings	238,611	236,062	2,549	1.1%
Parking garage	3,521	3,521	-	0.0%
Equipment	34,604	34,308	296	0.9%
	349,490	348,136	1,354	0.4%
Less accumulated depreciation	(110,334)	(97,909)	(12,425)	12.7%
Capital assets, net	$ 239,156	$250,227	$ (11,071)	(4.4%)

The overall decrease in capital assets is due to annual depreciation.

Noncurrent Liabilities

At year end, the Authority had debt outstanding of $83,140. The Authority's debt decreased $5,275 during the year. The decrease is the result of scheduled debt payment on revenue bonds.

OUTSTANDING DEBT

	2015	2014	Dollar Change	Percent Change
Assembly Center Lease Payment Revenue Bonds, Series 1985	$ -	$ 1,615	$ (1,615)	(100.0%)
Lease Revenue Bonds, Series 2007A	34,620	34,620	-	0.0%
Lease Revenue Bonds, Series 2007B	23,925	23,925	-	0.0%
Capital Improvements Revenue Bonds Refunding Series 2012	6,860	8,200	(1,340)	(16.3%)
Capital Improvement Revenue Bonds, Series 2008	10,755	11,755	(1,000)	(8.5%)
Capital Improvement Revenue Bonds, Series 2012	6,980	8,300	(1,320)	(15.9%)
Total revenue bonds	$ 83,140	$ 88,415	$ (5,275)	(6.0%)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority's appointed officials considered many factors when setting the 2016 budget and fees charged for business-type activities. Lease revenues are governed by rates negotiated in long-term leases. Event revenues fluctuate as ticket prices vary by type of event at the arena.

At the national level, unemployment declined to 5.3 percent at the end of fiscal-year 2015. Unemployment in the City of Tulsa was 4.8 percent at the end of fiscal-year compared to 4.9 percent at the end of the last fiscal year. The Authority has not experienced a decline in collection rates for accounts receivable as the economy continues to recover from the economic downturn.

Consumer spending recorded its largest increase in nearly six years in the second quarter of 2015 indicating a positive economic growth outlook for the nation.

Oklahoma's real GDP increased 2.9% in the fourth quarter of 2014 ranking it 29th among all other states and the District of Columbia.

The BOK Arena remains ranked in the top ten nationally based upon ticket sales. The BOK Arena generated more revenue in fiscal year 2015 due to increases in ancillary event revenue.

Office vacancies in the City of Tulsa decreased slightly from July 2014 through June 2015. The commercial real estate leasing environment in Tulsa improved slightly from the previous year. The Authority's square footage under lease at OTC increased 4.6% during fiscal year 2015.

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 City of Tulsa, Office of the Controller, 175 East Second Street, Tulsa, Oklahoma 74103.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF NET POSITION
June 30, 2015

(in thousands of dollars)

	One Technology Center	Arena and Convention	Financing	Business-Type Activities Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 4,728	$ 13,780	$ -	$ 18,508
Cash and cash equivalents, restricted	1,149	2,723	440	4,312
Interest receivable	8	6	-	14
Interest receivable, restricted	2	7	5	14
Accounts receivable, net	463	876	-	1,339
Advance to related entity	-	-	1,346	1,346
Prepaid expenses	-	433	-	433
Inventory	-	326	-	326
Capital lease receivable	611	-	-	611
	6,961	18,151	1,791	26,903
Noncurrent assets:				
Cash and cash equivalents, restricted	3,257	40	-	3,297
Investments, restricted	717	1,574	1,073	3,364
Advance to related entity	-	-	4,583	4,583
Capital lease receivable	11,459	-	-	11,459
Nondepreciable capital assets	3,270	9,486	4,500	17,256
Depreciable capital assets, net	36,672	185,228	-	221,900
Total Assets	$ 62,336	$ 214,479	$ 11,947	$ 288,762
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	$ 115	$ -	$ -	$ 115

(Continued)

The accompanying notes are an integral part of these financial statements.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF NET POSITION, Continued
June 30, 2015

(in thousands of dollars)

	One Technology Center	Arena and Convention	Financing	Business-Type Activities Total
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	$ 794	$ 2,321	$ -	$ 3,115
Compensated absences	16	-	-	16
Unearned revenue	131	5,329	-	5,460
Accrued bond interest payable	415	163	66	644
Current portion of bonds payable	1,400	1,095	1,340	3,835
	2,756	8,908	1,406	13,070
Noncurrent liabilities:				
Contract lease obligation	65	-	-	65
Deposits subject to refunds	7	-	-	7
Unearned revenue	-	1,221	-	1,221
Revenue bonds payable, net of current portion	64,005	9,660	5,640	79,305
Unamortized premium	-	-	401	401
Net pension liability	558	-	-	558
Compensated absences	9	-	-	9
Other post employment benefits	69	-	-	69
Unamortized discount	(119)	-	-	(119)
	64,594	10,881	6,041	81,516
Total liabilities	$ 67,350	$ 19,789	$ 7,447	$ 94,586
DEFERRED INFLOWS OF RESOURCES				
Pension related items	$ 311	$ -	$ -	$ 311
NET POSITION				
Net investment in capital assets	(11,170)	185,548	4,500	178,878
Restricted for:				
Debt service	737	-	-	737
Capital projects	1,223	-	-	1,223
Other purposes	582	-	-	582
Unrestricted	3,418	9,142	-	12,560
Total net position (deficit)	$ (5,210)	$ 194,690	$ 4,500	193,980

The accompanying notes are an integral part of these financial statements.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended June 30, 2015

(in thousands of dollars)

	One Technology Center	Arena and Convention	Financing	Business-Type Activities Total
Operating revenues:				
Lease revenue	$ 8,253	$ -	$ -	$ 8,253
Facilities revenue	-	14,434	-	14,434
Sponsorship and naming rights revenue	-	2,080	-	2,080
Parking facilities revenue	796	-	-	796
Investment income	-	-	20	20
Advance/loan interest income	-	-	124	124
Other	134	-	-	134
	9,183	16,514	144	25,841
Operating expenses:				
Personal services	667	-	-	667
Materials and supplies	135	-	-	135
Other services	5,193	13,684	-	18,877
Interest and amortization expense	-	-	144	144
Depreciation	1,301	11,124	-	12,425
	7,296	24,808	144	32,248
Operating income (loss)	1,887	(8,294)	-	(6,407)
Nonoperating revenues (expenses):				
Investment income	667	50	-	717
Interest and amortization expense	(3,352)	(699)	-	(4,051)
Payments from primary government	-	1,500	-	1,500
	(2,685)	851	-	(1,834)
Change in net position	(798)	(7,443)	-	(8,241)
Net position (deficit), beginning of year as restated	(4,412)	202,133	4,500	202,221
Net position (deficit), end of year	$ (5,210)	$ 194,690	$ 4,500	$ 193,980

The accompanying notes are an integral part of these financial statements.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF CASH FLOWS
Year Ended June 30, 2015

(in thousands of dollars)

	One Technology Center	Arena and Convention	Financing	Business-Type Activities Total
Cash flows from operating activities:				
Interest paid on revenue bonds	$ -	$ -	$ (308)	$ (308)
Receipts from customers	9,098	11,776	-	20,874
Investment income	-	-	15	15
Payments to suppliers for goods and services	(5,227)	(13,775)	-	(19,002)
Payments for employment services	(744)	-	-	(744)
Payments from related entity	-	-	1,395	1,395
Principal paid on long-term debt	-	-	(1,320)	(1,320)
Net cash provided (used) by operating activities	3,127	(1,999)	(218)	910
Cash flows from noncapital financing activities:				
Payments from primary government	-	1,495	-	1,495
Advance payments from primary government	-	3,865	-	3,865
Advance payments to primary government	-	(2,051)	-	(2,051)
Net cash provided by noncapital financing activities	-	3,309	-	3,309
Cash flows from capital financing activities:				
Acquisition of capital assets	(98)	(1,157)	-	(1,255)
Payments from primary government	-	4	-	4
Principal paid on revenue bonds	(1,340)	(2,615)	-	(3,955)
Payments received for capital lease	1,200	-	-	1,200
Interest paid on revenue bonds	(3,356)	(767)	-	(4,123)
Net cash used by capital financing activities	$ (3,594)	$ (4,535)	$ -	$ (8,129)

(Continued)

The accompanying notes are an integral part of these financial statements.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF CASH FLOWS, Continued
Year Ended June 30, 2015

(in thousands of dollars)

	One Technology Center	Arena and Convention	Financing	Business-Type Activities Total
Cash flows from investing activities:				
Investment income	$ 61	$ 38	$ -	$ 99
Net cash provided by investing activities	61	38	-	99
Net change in cash and cash equivalents	(406)	(3,187)	(218)	(3,811)
Cash and cash equivalents, beginning of year	9,540	19,730	658	29,928
Cash and cash equivalents, end of year	$ 9,134	$ 16,543	$ 440	$ 26,117
Reconcilation of cash and cash equivalents to the Statement of Net Position				
Unrestricted cash and cash equivalents	$ 4,728	$ 13,780	$ -	$ 18,508
Current restricted cash and cash equivalents	1,149	2,723	440	4,312
Noncurrent restricted cash and cash equivalents	3,257	40	-	3,297
Total cash and cash equivalents	$ 9,134	$ 16,543	$ 440	$ 26,117
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 1,887	$ (8,294)	$ -	$ (6,407)
Adjustments:				
Depreciation	1,301	11,124	-	12,425
Change in accounts receivable and other assets	(12)	294	-	282
Change in deferred outflows of resources	(115)	-	-	(115)
Change in accounts payable and other liabilities	109	(5,123)	-	(5,014)
Change in deferred inflows of resources	(43)	-	-	(43)
Change in financing assets	-	-	(5)	(5)
Change in financing liabilities	-	-	(1,484)	(1,484)
Change in advances	-	-	1,271	1,271
Net cash provided (used) by operating activities	$ 3,127	$ (1,999)	$ (218)	$ 910
Noncash capital and related financing activities:				
Purchase of capital assets in accounts payable	$ 106	$ -	$ -	$ 106
Noncash investing activities:				
Appreciation (decrease) of fair value of investments	$ (11)	$ 8	$ 5	$ 2

The accompanying notes are an integral part of these financial statements.

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

NATURE OF BUSINESS AND REPORTING ENTITY - The Tulsa Public Facilities Authority (the "Authority") is a public trust created on March 10, 1981, as the Tulsa Civic Center Authority. On March 12, 1982, the Authority amended its Trust Indenture to change its name to the Tulsa Public Facilities Authority and expand its purposes to promote the acquisition, construction, and operation of various facilities and public improvements in and for the City of Tulsa, Oklahoma (the "City"). The Authority serves as a financing authority for the City as well as an enterprise authority for the operation of the One Technology Center ("OTC"), and the BOK Arena and Cox Business Center facilities. The five trustees are the Mayor and four individuals appointed by the Mayor and confirmed by the City Council. All dollar amounts, unless otherwise indicated, are expressed in thousands of dollars.

The OTC was acquired to consolidate City operations previously located in several locations in or near the central business district in downtown Tulsa and contains approximately 630,000 square feet of commercial office space. Approximately 143,000 square feet of the space is leased under a capital lease to a tenant. Of the remaining 487,000 square feet of space, 229,000 square feet is leased by the City and the remaining is available for leasing to private businesses.

The Cox Business Center, opened in 1964, is an award winning venue that houses an 8,900 seat arena, exhibit hall and ballroom.

The BOK Arena was constructed as part of Vision 2025, a project to grow economic and community infrastructure for future generations. The BOK Arena is a 19,199 seat state-of-the-art sports and entertainment venue.

The Authority is included in the City's comprehensive annual financial report ("CAFR") as a blended component unit. Trustees of TPFA are appointed by the Mayor and approved by the City Council. Although it is legally separate from the City, TPFA is reported as if it were part of the primary government because its primary purposes are to issue revenue bonds to finance major capital improvements and manage certain properties on behalf of the City. Financing activities of this fund are included as an internal service fund and enterprise activities are included as enterprise funds.

BASIS OF ACCOUNTING - The financial statements of the Authority are prepared in accordance with generally accepted accounting principles ("GAAP") as applied to enterprise activities of government units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements ("Statements and Interpretations"), constitutes GAAP for governmental units.

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.

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

The Authority reports the following major enterprise funds:

The One Technology Center fund accounts for the commercial leasing activities of the One Technology Center building and parking garage in Tulsa, Oklahoma.

Arena and Convention Center Fund accounts for the operations of the BOK Arena and the Cox Business Center; both are sports and entertainment facilities in downtown Tulsa.

The Authority reports the following nonmajor fund:

Financing Fund - Capital Improvements Revenue Bond 2012 and Capital Improvements Revenue Bond - issues revenue bonds, the proceeds of which are loaned to the City or to one of its component units. Land is also held by the Capital Improvements Revenue Bond sub fund for possible development.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents reported on the statement of net position includes both pooled and non-pooled cash and investments.

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 any amounts held by the City of Tulsa’s internal pool to be cash equivalents. Interest income in pooled cash and investments is allocated monthly based on the percentage of the Authority’s average daily equity in the pooled portfolio to the total average daily pooled portfolio balance.

INVESTMENTS –The Authority’s pooled cash and investments are recorded at the net asset value of their position in the City’s pool. The City’s investment pool is stated at fair value based on quoted market prices. Non-pooled investments are recorded at fair value based on quoted market prices.

RESTRICTED ASSETS – Restricted assets of the Authority are restricted under the terms of its bond indentures.

ACCOUNTS RECEIVABLE – Accounts receivable are stated net of an allowance for doubtful accounts. The allowance is determined by the length of time accounts receivable are past due and an analysis of the customer’s ability to pay. Accounts receivable are written off when deemed uncollectible.

INVENTORY – Inventory, which consists of food and beverage items and other supplies, is stated at the lower of cost or market. Cost is determined by the first-in, first-out method.

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

CAPITAL ASSETS - Capital assets purchased or acquired are carried at historical cost. Interest incurred during the construction phase of capital assets of enterprise activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized during the year ended June 30, 2015.

The Authority owns artwork housed at the Cox Business Center. The artwork is not depreciated because it meets all the following conditions:

- The artwork is held for public exhibition.
- The artwork is protected, kept unencumbered, cared for, and preserved.
- The artwork is subject to an organizational policy requiring that the proceeds from sales of artwork be used to acquire other artwork.

DEPRECIATION - Capital assets placed in service are depreciated on a straight-line basis over the following estimated service lives and have the following capital thresholds:

Buildings	30-50 years	$5
Parking garage	30 years	$5
Leasehold improvements	24 years	$5
Equipment	3-20 years	$5
Land and artwork	Not depreciated	

UNEARNED REVENUE – Unearned revenues for the BOK Arena are comprised of arena naming rights, sponsorships, club sales, advance ticket sales and event deposits and are recognized on a straight line basis over the life of the agreement, generally three to ten years or at the completion of the event. Unearned revenues for the OTC are related to leases. The related revenues are recognized in the period earned.

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

COMPENSATED ABSENCES – Vacation and sick leave is granted to all regular and part-time employees. The annual amount of vacation time accrued varies from 14 to 26 days depending upon years of service. The maximum amount of vacation time that may be accumulated is twice the amount which may be earned in one calendar year. Accumulated vacation leave vests and the Authority is obligated to make payment even if the employee terminates. Accumulated sick leave is not paid out to employees upon separation, if separation occurs before retirement eligibility. Upon retirement the employee is eligible to receive a lump sum payout of one hour for every three hours accrued if the employee has at least 960 hours. The liability for compensated absences attributable to the Authority is charged to expense during the period earned and a corresponding liability is established.

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

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

OTHER POSTEMPLOYMENT BENEFITS – Postemployment 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 taken while the employees are in active service, whereas other benefits, including postemployment healthcare, are taken after the employees' services have ended. Nevertheless, the benefit constitutes compensation for employee services. The Authority accounts for other postemployment benefit costs on an accrual basis, charging expenses in the period incurred, with a corresponding liability for benefits to be paid in future periods.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES - Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be reported as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The Authority records deferred outflows of resources and deferred inflows of resources related to their participation in MERP.

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. Outstanding balances of borrowings are net of unspent bond proceeds, including bond reserve funds. Net position is reported as restricted when there are limitations imposed on its 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 inflow/outflows of resources that do not meet the definition of net investment in capital assets or restricted.

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

REVENUE AND EXPENSES – Operating revenues consist of commercial office space lease revenue, parking garage rental, sponsorship and naming rights revenues, facilities use fees for the BOK Arena and the Cox Business Center, and investment income for financing funds. Long-term leases govern the rates charged for the commercial office space leased. Long-term agreements also govern the amount of revenue recognized by the BOK Arena as sponsorship and naming rights revenue.

Operating expenses consist of all costs incurred to administer the One Technology Center building and garage, the BOK Arena, the Cox Business Center, including depreciation and amortization of capital assets, and interest costs for financing funds. All revenues and expenses not meeting these descriptions are considered non-operating revenues and expenses.

INCOME TAXES - The Authority is nontaxable as a political subdivision under Section 115(1) of the Internal Revenue Code, as amended.

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 notes. Actual results could differ from those estimates.

2. CASH DEPOSITS AND INVESTMENTS

POOLED CASH AND INVESTMENTS – The Authority participates in the City's pooled cash and investments account. Pooled cash and investments consist primarily of time deposits and other securities guaranteed by the United States Government or its agencies and are recorded at fair value.

NON-POOLED INVESTMENTS - Investments are carried at fair value. In accordance with the bond indentures and/or state statutes, authorized investments consist of obligations of the U.S. Treasury, federal agencies and instrumentalities, and money market mutual funds.

At June 30, 2015, the Authority had the following non-pooled investments:

		Maturities in Years	
Investment Type	**Fair Value**	**Less than 1**	**1-5**
U.S. Agency Obligations	$ 2,647	$ -	$ 2,647
U.S. Treasury Securities	717	717	-
Money Market Mutual Funds	4,199	4,199	-
Money Market Accounts	688	688	-
	$ 8,251	$ 5,604	$ 2,647

2. CASH DEPOSITS AND INVESTMENTS, continued

Interest Rate Risk –Interest rate risk is the risk that a change in interest rates will adversely affect the value of an investment.

Pooled investments - In accordance with the City's investment policy, the City manages its interest rate risk by limiting the weighted average maturity of its investment portfolio to three years or less. No security, at the time of purchase, shall have a maturity exceeding five years. The weighted average maturity of the City's pooled investment portfolio is 2.07 years.

Non-pooled investments - For investments not restricted by bond requirements, the Authority participates in the City's pooled portfolio as a means of limiting its exposure to fair value losses arising from rising interest rates. The Authority's investment policy is established by bond indentures that provide for maturity of investments as bonds become due. There is no stated policy for investments not associated with bond indentures. The money market mutual funds are presented with a maturity of less than one year because they are redeemable in full immediately. The money market accounts are presented with a maturity of less than one year because they are redeemable in full immediately and are not subject to interest rate risk.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations.

Pooled investments – The City's investment policy prohibits purchasing any investments rated below AA at the time of purchase. As of June 30, 2015, the U.S. agencies obligations included in the City's pooled investment portfolio were rated Aaa and AA+ by Moody's and Standard & Poor's, respectively.

Non-pooled investments – The Authority's investment policy prohibits purchasing any investments rated below AA at the time of purchase. As of June 30, 2015, the U.S. agencies obligations and money market mutual funds included in the Authority's investments were rated Aaa and AA+ by Moody's and Standard & Poor's, respectively.

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 an investment, custodial credit risk is the risk that, in the event of the 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.

2. CASH DEPOSITS AND INVESTMENTS, continued
Custodial Credit Risk, continued

Pooled deposits and investments – The City's investment policy requires that demand deposits be collateralized at least by 110% of the amount that is not federally insured. Securities pledged as collateral are held by a third party. Joint custody safekeeping receipts are held in the name of the depository institution, but pledged to the City. The securities cannot be released, substituted or sold without the City's approval and release of the security. Certificates of deposit are, according to the City's investment policy, to be collateralized at least by 102% of the amount that is not Federally insured. At June 30, 2015, none of the deposits in the pooled portfolio were exposed to custodial credit risk. All safekeeping receipts for investment instruments are held in accounts in the City's name and all securities are registered in the City's name. Therefore, none of the Authority's pooled investments as of June 30, 2015 was exposed to custodial credit risk.

Non-pooled deposits and investments – The Authority's policy for custodial credit risk requires compliance with provisions of state law and demand deposits be collateralized by at least 110% of the amount not federally insured. All safekeeping receipts for investment instruments are held in accounts in the Authority's name and all securities are registered in the Authority's name. Therefore, at June 30, 2015 none of the Authority's non-pooled deposits and investments of $16,296 and $2,647 of U.S. Agency obligations was exposed to custodial credit risk. Investments in U.S. Treasury securities of $717 and $4,887 investments in money market are not subject to custodial credit risk disclosure.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested in any one issuer.

Pooled investments – At June 30, 2015, the City's investments in Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association constituted approximately 19%, 18%, 17%, and 15%, respectively, of its total pooled investment portfolio.

Non-pooled investments – At June 30, 2015, the Authority's investments in Federal Home Loan Bank constituted approximately 32% of its total non-pooled investment portfolio.

2. CASH DEPOSITS AND INVESTMENTS, continued

RECONCILIATION TO STATEMENT OF NET POSITION – A reconciliation of the pooled cash and investments and non-pooled cash and investments to the carrying amounts on the statement of net position as of June 30, 2015, is as follows:

RECONCILIATION TO STATEMENT OF NET POSITION:		
Pooled cash and investments	$	4,935
Non-pooled cash and investments		24,546
	$	29,481
Current unrestricted cash and cash equivalents	$	18,508
Current restricted cash and cash equivalents		4,312
Non-current restricted cash and cash equivalents		3,297
Non-current restricted investments		3,364
	$	29,481

INVESTMENT INCOME – Investment income for the year ended June 30, 2015, consisted of:

INVESTMENT INCOME:		
Interest and dividend income	$	733
Advance/loan interest income		124
Net increase in fair value of investments and cash equivalents		4
	$	861

3. ACCOUNTS RECEIVABLE

The accounts receivable balance consists of amounts owed at year end for OTC leasing revenues and BOK Arena and Cox Business Center event revenues.

	OTC		Arena		Total	
Accounts receivable:						
Lease revenue	$	370	$	-	$	370
Parking facility revenue		66		-		66
Event revenue		-		448		448
Sponsorship revenue		-		464		464
Miscellaneous revenue		27		-		27
Total		463		912		1,375
Less: Allowance for doubtful accounts		-		(36)		(36)
Accounts Receivable, net	$	463	$	876	$	1,339

4. ADVANCES TO RELATED ENTITY

FINANCING FUND – In April 2012, the Authority issued its $10,900 Series 2012 Capital Improvements Revenue Bonds. The proceeds of the bonds were loaned to the Tulsa Authority for Recovery of Energy (TARE), a component unit of the City, to fund the acquisition of trash carts and fund the Bond Reserve Fund. TARE receives revenues for the collection of residential solid waste which will provide funds to pay the debt service on the bonds. The Authority has an advance to TARE (related entity) of $5,929 at June 30, 2015 relating to this financing agreement.

5. CAPITAL LEASE RECEIVABLE

On August 28, 2013, the Authority entered into an amended lease agreement (agreement) with a tenant of OTC effective July 1, 2013 for 143,242 square feet of commercial office space at OTC. The agreement extends the term of the lease to June 30, 2029. Annual lease payments will be $2,207 except for fiscal year 2015 which was reduced by $80. The tenant will assign the lease to an affiliated company. $1,200 of the annual lease payment will remain unchanged throughout the term of the lease. The remainder of the annual lease payments will be apportioned to operating expense reimbursement. The affiliated company will have the option to purchase the occupied space for one dollar at June 30, 2029. The Authority will account for the lease agreement as a capital lease.

Minimum future rentals on noncancellable capital leases as of June 30, 2015 are as follows:

Years	Principal	Interest	Debt Subtotal	Operating Costs	Total
2016	$ 611	$ 589	$ 1,200	$ 1,007	$ 2,207
2017	642	558	1,200	1,007	2,207
2018	675	525	1,200	1,007	2,207
2019	710	490	1,200	1,007	2,207
2020	746	454	1,200	1,007	2,207
2021-2025	4,342	1,658	6,000	5,034	11,034
2026-2029	4,344	456	4,800	4,025	8,825
	$ 12,070	$ 4,730	$ 16,800	$ 14,094	$ 30,894

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 is as follows:

	Beginning Balance	Increases	Decreases	Transfers & Reclasses	Ending Balance
Capital assets, not being depreciated:					
Land	$ 16,465	$ -	$ -	$ -	$ 16,465
Artwork	653	-	-	-	653
Construction in progress	1,728	134	-	(1,724)	138
Total capital assets not being depreciated	18,846	134	-	(1,724)	17,256
Capital assets, being depreciated:					
Leasehold improvements	55,399	99	-	-	55,498
Buildings	236,062	895	-	1,654	238,611
Parking garage	3,521	-	-	-	3,521
Equipment	34,308	226	-	70	34,604
Total capital assets being depreciated	329,290	1,220	-	1,724	332,234
Less accumulated depreciation:					
Leasehold improvements	(14,961)	(2,029)	-	-	(16,990)
Buildings	(61,544)	(7,282)	-	-	(68,826)
Parking garage	(802)	(117)	-	-	(919)
Equipment	(20,602)	(2,997)	-	-	(23,599)
Total accumulated depreciation	(97,909)	(12,425)	-	-	(110,334)
Total capital assets being depreciated, net	231,381	(11,205)	-	1,724	221,900
Capital assets, net	$ 250,227	$ (11,071)	$ -	$ -	$ 239,156

7. PENSION PLAN

Plan Description – Employees of the Authority are provided with pensions through MERP-a cost-sharing multiple-employer defined benefit pension plan administered by the City of Tulsa (City). MERP provides retirement, disability and death benefits which are established by City ordinance to plan members and beneficiaries. MERP's financial statements and required supplementary information are included in the City of Tulsa'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.

7. PENSION PLAN, continued

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 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 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 with additional service credited during the period of disability. 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 – Contributions are set per City of Tulsa ordinance. Employees are required to contribute 6.5 percent of their pensionable wages for the year ended June 30, 2015. The Authority is required to contribute 11.5 percent of pensionable wages for the year ended June 30, 2015. Actual contributions to the pension plan from the Authority were $56 for the year ended June 30, 2015.

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

At June 30, 2015, the Authority reported a liability of $558 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. Standard update procedures were used to roll forward the total pension liability to June 30, 2015. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2015, the Authority's proportion was .4452 percent, which was an increase of .0240 from its proportion measured as of June 30, 2014.

7. PENSION PLAN, continued

For the year ended June 30, 2015, the Authority recognized pension gain of $13. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual plan experience	$ -	$ 34
Changes of assumptions	-	191
Net difference between projected and actual earnings on pension plan investments	78	86
Changes in proportion and differences between Authority contributions and proportionate share of contributions	37	-
Total	$ 115	$ 311

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

Year ended June 30:	
2016	$ (71)
2017	(71)
2018	(71)
2019	17
	$ (196)

7. PENSION PLAN, continued

Actuarial assumptions – The total pension liability was determined by an actuarial valuation as January 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary increases	4.25 to 13.70 percent, including inflation.
Investment rate of return	7.75 percent compounded annually, net of investment expense and including inflation

Mortality rates were based on the 1994 Group Annuity Mortality Tables, set forward 2 years for males and one year for females.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the four-year period ending December 31, 2009.

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	34%	1.75%
Domestic equity	31%	7.04%
International equity	21%	7.10%
Real estate	7%	5.15%
Commodities	3%	0.50%
Timber	4%	4.65%
Total	100%	

7. PENSION PLAN, continued

Discount Rate – The discount rate used to measure the total pension liability was 7.75 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 Authority will be specified in the MERP funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.75 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculate using a discount rate that is 1 percentage point lower (6.75 percent) or 1 percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Authority's proportionate share of the net pension liability	$ 819	$ 558	$ 335

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

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Authority provides postemployment health care benefits for retired employees and their dependents through participation in the City of Tulsa Postretirement Medical Plan (the "Plan"), a multiple-employer cost-sharing 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 and are funded on a pay-as-you-go basis.

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.

8. 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, 2015, 2014 and 2013 actuarial valuations. This method requires the calculation of an unfunded actuarially accrued liability, which was approximately $12,180, $14,216 and $28,539 for the City as of June 30, 2015, 2014, and 2013, respectively. The Authority's portion of the unfunded actuarially accrued liability is not separately determined.

Annual OPEB Cost Information - City				
Year	Actuarially Required Contributions	Employer Contributions	Percent Contributed	Authority's OPEB Obligation
2015	$ 1,207	$ 618	51%	$ 69
2014	1,376	1,332	97%	70
2013	2,880	1,685	59%	69

The amount allocated to the Authority is based on the number of active eligible employees of the Authority compared to the total number of active eligible employees. The complete details of the plan are disclosed in the City's Comprehensive Annual Financial Report.

9. UNEARNED REVENUE

The Authority had the following unearned revenues at June 30, 2015:

	Total	Current	Noncurrent
Arena and Convention - advance ticket sales and deposits	$ 2,224	$ 2,224	$ -
Arena and Convention - naming rights, advertising, and sponsorships	4,326	3,105	1,221
One Technology Center - lease revenues	131	131	-
	$ 6,681	$ 5,460	$ 1,221

10. REVENUE BONDS PAYABLE

Revenue bonds payable activity for the year ended June 30, 2015 is as follows:

REVENUE BONDS PAYABLE

Bond, Series, Maturity Dates	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Assembly Center, Series 1985, 2014	$ 23,335	6.60%	$ 1,615	$ -	$ (1,615)	$ -	$ -
Lease Revenue Series 2007A, 2037	34,620	4.625%-5.25%	34,620	-	-	34,620	-
Lease Revenue, Series 2007B, 2029	33,130	6.30%-6.60%	23,925	-	-	23,925	-
Capital Improvements Revenue Refunding Series 2012, 2019	9,480	1.25%	8,200	-	(1,340)	6,860	1,400
Capital Improvements, Series 2008, 2027	16,000	6.07%	11,755	-	(1,000)	10,755	1,095
Capital Improvements, Series 2012, 2020	10,900	3.00%-4.00%	8,300	-	(1,320)	6,980	1,340
Total revenue bonds			88,415	-	(5,275)	83,140	3,835
Unamortized premiums			556	-	(155)	401	-
Unamortized discounts			(126)	-	7	(119)	-
			$ 88,845	$ -	$ (5,423)	$ 83,422	$ 3,835

	Principal	Interest	Total
2016	$ 3,835	$ 4,257	$ 8,092
2017	4,040	4,133	8,173
2018	3,865	3,987	7,852
2019	4,595	3,852	8,447
2020	4,030	3,678	7,708
2021-2025	14,190	15,472	29,662
2026-2030	16,280	10,502	26,782
2031-2035	18,670	5,899	24,569
2036-2038	13,635	1,039	14,674
	$ 83,140	$ 52,819	$ 135,959

11. OTHER LONG-TERM LIABILITIES

The changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance	Due within One Year
Other long-term liabilities:					
Vested compensated absences	$ 31	$ 42	$ 48	$ 25	$ 16
Net pension liability	471	266	179	558	-
Other postemployment benefits	70	-	1	69	-
Contract lease obligation	18	47	-	65	-
Total other long-term liabilities	$ 590	$ 355	$ 228	$ 717	$ 16

12. PLEDGED REVENUE

ONE TECHNOLOGY CENTER LEASE REVENUE- The Authority has pledged future gross lease revenues derived from the operations of One Technology Center to repay outstanding lease revenue bonds and related refunding bonds. Proceeds from the bonds provided financing for the acquisition and improvements of One Technology Center.

Total principal and interest remaining on the debt is $113,248 with annual requirements ranging from $4,739 to $5,677 through 2038. Annual debt service required 57% of gross revenues. Principal and interest paid amounted to $4,696. Current year lease revenue totaled $8,253.

CAPITAL IMPROVEMENTS SERIES 2008- In April 2008, the Authority issued $16,000 Series 2008 Capital Improvements Revenue Bonds. The proceeds of the bonds were used to fund the acquisition, construction, furnishing and equipping of capital improvements and additions to the BOK Arena and to fund the Bond Reserve Fund in the amount of ten percent of the par amount of the bonds (the “Reserve Requirement”) and to pay the costs of issuing the Bonds. The Authority and the City entered into a year to year Projects Agreement, dated as of April 1, 2008 (the "Projects Agreement"), pursuant to which the Authority will issue the bonds and the City has agreed to make payments pursuant to the Projects Agreement sufficient to pay (a) the principal of and interest on the bonds; and (b) all costs and expenses of the Authority in connection with the issuance, sale and delivery of the bonds.

Total principal and interest remaining on the debt is $14,895 with annual requirements ranging from $674 to $1,776 through 2027. Annual debt service required 82% of sponsorship and naming right revenues which are pledged towards the debt under the indenture. The Authority paid $1,713 in principal and interest during the year. Sponsorship and naming rights revenue, from which the appropriations will be made, was $2,080 for the current year.

12. PLEDGED REVENUE, continued

CAPITAL IMPROVEMENTS SERIES 2012- In April 2012, the Authority issued $10,900 Series 2012 Capital Improvements Revenue Bonds. The proceeds of the bonds were used to fund the acquisition of trash carts by the TARE, to fund the Bond Reserve Fund in the amount of ten percent of the par amount of the bonds (the "Reserve Requirement") and to pay the costs of issuing the Bonds.

The Authority entered into a projects agreement with the City and TARE, a component unit of the City. The projects agreement provides financing for the acquisition, furnishing, equipping, maintaining, storing, and delivering of trash carts and other capital improvements, equipment and facilities for use in the operations of TARE's system for solid waste management providing collection and disposal of collectible residential solid waste of the City. The bonds will be repaid by revenues received by TARE for the collection of residential solid waste. In the event TARE fails to make the required payments to the Authority, the City will be required to make the debt service payments, subject to certain conditions.

Total principal and interest remaining on the debt is $7,816 with annual debt service requirements ranging from $1,518 to $1,606 through 2020. Annual debt service required 6% of TARE refuse revenue, which is the pledged revenue towards the debt per the bond indenture. Principal and interest paid during the year amounted to $1,625. Solid waste collection and disposal revenue recorded by TARE was $26,373.

13. OPERATING LEASE REVENUE

ONE TECHNOLOGY CENTER LEASES - Commercial property lease revenues arise from the leasing of the Authority's commercial lease space at the OTC facility. Lease terms range from approximately two to five years. Approximately 62% of the net rentable space is available to external tenants. At year end, the building was approximately 97% occupied. Depreciation expense for leased property is provided primarily on the straight-line method over the estimated useful life of the leased property. Depreciation expense related to the OTC facility was $1,301 for the current year.

The gross amounts of capital assets subject to lease as of June 30, 2015 are as follows:

Building	$	38,097
Parking garage		3,521
Land		3,164
Equipment		5,809
Construction in Progress		106
Accumulated depreciation		(10,755)
Net investment in commercial property leases	$	39,942

13. OPERATING LEASE REVENUE, continued

Minimum future rentals on noncancellable operating leases as of June 30, 2015 are as follows:

Years		
2016	$	2,014
2017		1,638
2018		1,710
2019		1,632
2020		1,210
	$	8,204

14. BOK ARENA NAMING RIGHTS AND SPONSORSHIP AGREEMENTS

The Authority had $16,962 in naming rights and sponsorships agreements outstanding at June 30, 2015. During the year, the Authority recognized $2,080 in naming rights and sponsorship revenue. Any amounts received but not earned are reflected as unearned revenue on the statement of net position.

The future earnings to be recognized on these agreements are as follows:

Years		Future Earnings
2016	$	2,146
2017		2,147
2018		2,149
2019		1,501
2020		1,386
2021-2025		5,712
2026-2029		1,921
	$	16,962

15. FACILITIES REVENUE

The Authority has entered into various agreements for the use of luxury boxes and club seats through 2018. During the year, the Authority recognized $3,175 in luxury boxes and $1,009 in club seats, which is included in facility revenue. Any amounts received but not earned are reflected as unearned revenue on the statement of net position.

16. OPERATING AGREEMENTS

COX BUSINESS CENTER AND BOK CENTER LEASE AND PROJECT AGREEMENTS-The Authority has leased the Cox Business Center and BOK Center (the Facilities) from the City for 25 years, ending June 30, 2032 or such longer period as any indebtedness issued in connection with the Facilities is outstanding. The lease assists the Authority in making financing arrangements that benefit improvements at the Facilities. The Authority has also entered into a project agreement that makes available proceeds of the Hotel/Motel Tax necessary to pay principal and interest on certain Facility bonds and to operate and maintain the Facilities. During the year the Authority received $1,495 from the City's Hotel/Motel taxes to operate and maintain the Facilities.

ARENA AND CONVENTION CENTER MANAGEMENT AGREEMENTS - In June 2013, the Authority and the City entered into an operating agreement with SMG. The agreement provides for the development and management services of both the Cox Business Center and the BOK Arena facilities. The term of the operating section of the agreement is July 1, 2013 through June 30, 2018. The Authority may extend the agreement for an additional five years at its sole discretion. The contract is subject to annual appropriations and may be terminated by any party.

Under the agreement, for the year ended June 30, 2015, SMG earned an annual base management fee of $140 for the Cox Business Center and $140 for the BOK Arena. SMG can also earn an annual incentive fee based on the operating results of both facilities compared to certain operating thresholds, as defined in the agreements. The operating thresholds, as defined in the agreements are gross revenue, attendance and net operating profits. If the benchmark is met for a threshold, SMG may receive an incentive fee equal to 33 1/3% of the management fee. The incentive fee may not exceed the management fee for the year. SMG earned $140 of incentive fee for the BOK Arena and $140 for the Cox Business Center for the year ended June 30, 2015.

ONE TECHNOLOGY CENTER AGREEMENTS-In September, 2007, the Authority entered into a master lease agreement with Bank of Oklahoma ("BOK") wherein BOK guaranteed the payment of certain OTC lease revenues by third parties to the Authority through September 30, 2017. In exchange, the Authority agrees to pay to BOK 80% of OTC net cash flows, up to a maximum of $4,500, from the first 66,589 square feet of OTC space leased. The remaining 20% of OTC net cash flows from this space are to be deposited into the Authority's escrow account to be distributed subject to the terms of the agreement. During the year, $119 of guarantee payments was due the Authority under this agreement. OTC net cash flow payments were $496 to BOK and $124 to the escrow.

17. 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 included in the City's insurance policies and would be 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.

17. RISK MANAGEMENT, continued

The Authority also participates in the City's workers compensation self-insurance program. The City retains all risk of loss for workers' compensation claims.

18. GENERAL LITIGATION

The Authority is subject to claims and lawsuits that arise primarily in the course of ordinary business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, changes in financial position and cash flows of the Authority.

19. RELATED PARTY TRANSACTIONS

During the year ended, the Authority conducted the following transactions with related entities:

Payments from the City of Tulsa for capital improvements	$	4
Payments from the City of Tulsa to subsidize the Cox Business Center operations	$	1,495
Payments from the City of Tulsa for leased space in OTC	$	5,011
Payments from the Tulsa Authority for Recovery of Energy for loan financing	$	1,395

20. RESTATEMENT

The Authority restated beginning of year net position for recognition of a net pension liability and deferred inflows of resources for pension related amounts. The restatement is in connection with the implementation of GASB statement No. 68, *Accounting and Financial Reporting for Pensions,* effective for the fiscal year ended June 30, 2015. The result of the restatement on the current beginning of year net position is as follows:

	One Technology Center		Business-Type Activities Total	
Net position (deficit), beginning of year	$	(3,607)	$	203,026
Adjustment applicable to prior periods		(805)		(805)
Net position (deficit), beginning of year as restated	$	(4,412)	$	202,221

The impact on prior year change in net position has not been determined.

21. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015, will be effective for the Authority beginning with its year ending June 30, 2016.

This Statement provides guidance for determining a fair value measurement for financial reporting purposes, and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement will also enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, issued June 2015, will be effective for the Authority beginning with its year ending June 30, 2016. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB plans that are not administered through trusts that meet the specified criteria. The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. The new information will enhance the decision usefulness of the financial reports of those OPEB plans, their value for assessing accountability, and their transparency by providing information about measure of net OPEB liabilities and explanations of how and why those liabilities changed from year to year.

21. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS, continued

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued June 2015, will be effective for the Authority beginning with its year ending June 30, 2017. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,* for OPEB. *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* established new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

(in thousands of dollars)

Schedule of Proportionate Share – For the current and prior year

Year	Authority's proportion of net pension liability	Authority's proportionate share of net pension liability	Authority's covered-employee payroll	Authority's proportionate share of net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of total pension liability
2015	0.4452%	$ 558	$ 491	114%	77.1%
2014	0.4212%	471	461	102%	79.3%

* Prior year information is not available.
** The amounts presented were determined as of year-end.

Schedule of Employer Contributions – Last four years

Year	Contractually Required Contributions	Actual Contributions	Contribution Defiency (Excess)	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2015	$ 56	$ 56	$ -	$ 491	11.5%
2014	46	68	(22)	461	10.0%
2013	45	47	(2)	451	10.0%
2012	34	34	-	369	9.3%

* Prior year information is not available.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
COMBINING SCHEDULE OF NET POSITION – FINANCING FUND
June 30, 2015

(in thousands of dollars)	Capital Improvements Revenue Bond 2012	Capital Improvements Revenue Bond	Financing Fund Total
ASSETS			
Current assets:			
Cash and cash equivalents, restricted	$ 440	$ -	$ 440
Interest receivable, restricted	5	-	5
Advance to related entity	1,346	-	1,346
	1,791	-	1,791
Noncurrent assets:			
Investments, restricted	1,073	-	1,073
Advance to related entity	4,583	-	4,583
Nondepreciable capital assets	-	4,500	4,500
	5,656	4,500	10,156
Total Assets	7,447	4,500	11,947
LIABILITIES			
Current liabilities:			
Accrued bond interest payable	66	-	66
Current portion of bonds payable	1,340	-	1,340
	1,406	-	1,406
Noncurrent liabilities:			
Revenue bonds payable, net of current portion	5,640	-	5,640
Unamortized premium	401	-	401
	6,041	-	6,041
Total liabilities	7,447	-	7,447
NET POSITION			
Net investment in capital assets	-	4,500	4,500
Total net position	$ -	$ 4,500	$ 4,500

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – FINANCING FUND
Year Ended June 30, 2015

(in thousands of dollars)

	Capital Improvements Revenue Bond 2012	Capital Improvements Revenue Bond	Financing Fund Total
Operating revenues:			
Investment income	$ 20	$ -	$ 20
Advance/loan interest income	124	-	124
	144	-	144
Operating expenses:			
Interest and amortization expense	144	-	144
	144	-	144
Change in net position	-	-	-
Net position, beginning of year	-	4,500	4,500
Net position, end of year	$ -	$ 4,500	$ 4,500

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
COMBINING SCHEDULE OF CASH FLOWS – FINANCING FUND
Year Ended June 30, 2015

(in thousands of dollars)	Capital Improvements Revenue Bond 2012	Capital Improvements Revenue Bond	Financing Fund Total
Cash flows from operating activities:			
Interest paid on revenue bonds	$ (308)	$ -	$ (308)
Investment income	15	-	15
Payments from related entity	1,395	-	1,395
Principal paid on long-term debt	(1,320)	-	(1,320)
Net cash used by operating activities	(218)	-	(218)
Net change in cash and cash equivalents	(218)	-	(218)
Cash and cash equivalents, beginning of year	658	-	658
Cash and cash equivalents, end of year	$ 440	$ -	$ 440
Reconciliation of operating income to net cash used by operating activities:			
Operating income	$ -	$ -	$ -
Adjustments:			
Change in financing assets	(5)	-	(5)
Change in financing liabilities	(1,484)	-	(1,484)
Change in operational financing activities	1,271	-	1,271
Change in advances	-	-	-
Net cash used by operating activities	$ (218)	$ -	$ (218)
Noncash investing activities:			
Appreciation of fair value of investments	$ 5	$ -	$ 5

ONE TECHNOLOGY CENTER

Percentage of Occupied Units

Total occupied	20
Total vacant units	2
Total units	22
Percentage Occupied	91%

Percentage of Occupied Square Feet

Total Occupied Square Feet	611,428
Total Vacant Square Feet	19,042
Total Square Footage	630,470
Percentage Occupied	97%

Major Tenants and Square Feet

City of Tulsa	229,871
Level 3 Communications, LLP**	143,242
Magellan Midstream Partners, LP	96,312
Deloitte, LLP	35,282

**Space is included in Capital Lease