

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

Financial Report  
June 30, 2020

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## Independent Auditor's Report

RSM US LLP

Board of Trustees  
Metropolitan Tulsa Transit Authority

### Report on the Financial Statements

We have audited the accompanying financial statements of the Metropolitan Tulsa Transit Authority (the Authority), a discretely presented component unit of the City of Tulsa, Oklahoma, as of and for the years ended June 30, 2020 and 2019, 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 an opinion 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 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 opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2020 and 2019, and the respective changes in its financial position and cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. 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 report dated December 15, 2020, 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 that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*RSM US LLP*

Kansas City, Missouri  
December 15, 2020

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

**Management's Discussion and Analysis  
Year Ended June 30, 2020**

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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, 2020 and 2019. 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 and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$15,541 (net position). For fiscal year 2019, the assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately \$11,936.
- During fiscal year 2020, the Authority's total net position increased by approximately \$3,606. For fiscal year 2019, the Authority's total net position decreased by approximately \$2,865.
- The Authority's total liabilities increased by approximately \$4,032 during fiscal year 2020.
- For the year ended June 30, 2020, net capital assets increased by approximately \$4,675. For the year ended June 30, 2019, net capital assets decreased by approximately \$1,360.

**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, liabilities and deferred outflows and 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 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.

**Net Position**

The Authority's net position increased by \$3,606 for the fiscal year ending June 30, 2020. The Authority's net position decreased by \$2,865 for the fiscal year ended June 30, 2019. Capital assets increased by \$4,675 due to the purchase of fifteen total replacement buses. Long-term liabilities increased by \$1,314 due to increases in net pension liability for the pension plans in which the Authority participates.

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

**Management's Discussion and Analysis  
Year Ended June 30, 2020**

Net Position  
(in thousands of dollars)

	2020	2019	2018
<b>Assets</b>			
Current and other assets	\$ 6,809	\$ 4,526	\$ 5,487
Capital assets, net	26,619	21,944	23,304
<b>Total assets</b>	<b>33,428</b>	26,470	28,791
Deferred outflows of resources	1,775	1,433	1,970
<b>Liabilities</b>			
Current and other liabilities	4,375	1,657	2,702
Long-term liabilities	13,827	12,513	11,711
<b>Total liabilities</b>	<b>18,202</b>	14,170	14,413
Deferred inflows of resources	1,460	1,797	1,548
<b>Net position</b>			
Investment in capital assets	26,619	21,944	23,304
Restricted for other purposes	1,002	903	977
Unrestricted (deficit)	(12,080)	(10,911)	(9,481)
<b>Total net position</b>	<b>\$ 15,541</b>	\$ 11,936	\$ 14,800

**Change in Net Position**

For the year ended June 30, 2020, the Authority's total operating revenues decreased by \$586 and operating expenses increased by \$2,082. The key factor in the decrease in operating revenues is attributed to the decrease in ridership during the COVID-19 pandemic. Beginning in March 2020, the Authority with the approval of our Board of Directors moved to a modified service level that allowed the Authority to continue to provide service to our frontline workers who relied on the service to get to and from work. The pandemic also affected the ridership on our Lift program reducing ridership to approximately 50%. The increase in operating expense was primarily driven by expenses related to new cleaning standards implemented as a result of the pandemic.

For the year ended June 30, 2019, the Authority's total operating revenues increased approximately \$23 and operating expense increased \$659. The key factor for the increase in operating revenues is attributed to the composition of the Authority's fixed route and Lift ridership; that is, although fixed route ridership decreased four percent, discounted fares and free fares increased twelve percent due in large part to the free ride program for Tulsa Public Schools high school students along with an increase of eight percent in consignment vendor Lift tickets sales. The increase in operating expenses was primarily driven by a \$455 increase in Fringe expense, which is due to increases in the net pension liability of the pension plans in which the Authority participates.

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

**Management's Discussion and Analysis**  
**Year Ended June 30, 2020**

Changes in Net Position (in thousands of dollars)			
	2020	2019	2018
Operating revenues	\$ 2,465	\$ 3,051	\$ 3,028
Nonoperating and capital revenues	27,170	18,031	17,760
<b>Total revenues</b>	<b>29,635</b>	<b>21,082</b>	<b>20,788</b>
Operating expenses	26,029	23,947	23,288
Nonoperating expenses	-	-	25
<b>Total expenses</b>	<b>26,029</b>	<b>23,947</b>	<b>23,313</b>
<b>Increase (decrease) in net position</b>	<b>\$ 3,606</b>	<b>\$ (2,865)</b>	<b>\$ (2,525)</b>

**Capital Assets**

The Authority's investment in capital assets as of June 30, 2020 amounts to approximately \$26,619 (net of accumulated depreciation). This investment in capital assets includes revenue and service equipment, land, buildings and other equipment. The Authority made additional investments in capital assets, primarily eleven new AERO branded 40ft buses for the BRT (Bus Rapid Transit) and four new replacement buses, facility improvements and information technology equipment, investments grew from prior year resulting in a \$4,675 increase in net capital assets.

Net Capital Assets (in thousands of dollars)			
	2020	2019	2018
Revenue equipment	\$ 35,752	\$ 30,954	\$ 31,784
Service equipment	620	524	524
Passenger shelters	2,091	2,057	2,057
Security equipment	1,140	1,140	1,140
Buildings	12,216	12,209	12,114
Shop and garage equipment	2,617	2,596	2,559
Other equipment	4,246	3,542	3,569
Furniture and fixtures	371	371	360
Construction in progress	2,634	1,009	219
Land	2,544	2,634	2,634
	<b>64,231</b>	<b>57,036</b>	<b>56,960</b>
Less accumulated depreciation	<b>(37,612)</b>	<b>(35,092)</b>	<b>(33,656)</b>
<b>Net capital assets</b>	<b>\$ 26,619</b>	<b>\$ 21,944</b>	<b>\$ 23,304</b>

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

**Management’s Discussion and Analysis  
Year Ended June 30, 2020**

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**Economic Factors (in thousands)**

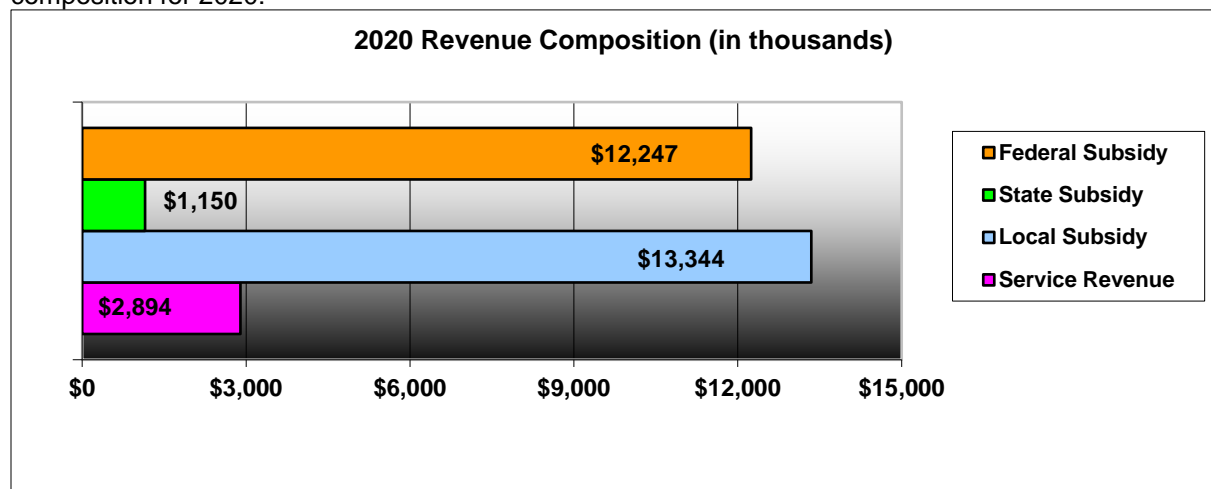
The Authority provides public transportation programs to residents in Tulsa, Broken Arrow, Jenks, Sand Springs and Turley. These services include fixed route bus service, ADA paratransit services for the disabled, commuter bus services, and evening deviated fixed-route services. To coordinate these services and provide information to the public, the Authority operates a customer call center, which processes over 600,000 inquiries annually. ADA paratransit services are provided by a 3<sup>rd</sup> party, First Transit, and are referred to as Lift Program services.

During FY20, the Authority implemented the State of Oklahoma’s first Bus Rapid Transit System, Peoria AERO, which includes eleven new AERO branded buses, level boarding platforms and real-time digital information. In addition, the Authority purchased four replacement buses and begin our Information Technology Virtualization project. The virtualization project updates the Authority’s aged infrastructure making ready the way for cloud-hosted solutions coming in FY21 and beyond.

During FY19, the Authority replaced eleven Lift buses totaling \$923. In preparation for the Bus Rapid Transit System and to continue to replace aging rolling stock, the Authority issued procurement contracts for an additional 11 BRT Fixed Route buses totaling \$5,949. Replacement of aging rolling stock continues to be a fiscal challenge; however, to augment local funding, the Authority is aggressive in applying for federal subsidies.

Additional capital investments were made for facility improvements and various Information Technology projects. The Authority’s total capital investments for FY20 totaled \$4,665 with a funding ratio of 51% federal and 49% local.

The Authority is funded by fare and advertising revenues, annual apportionments from the City of Tulsa, State of Oklahoma Transit Fund, and Federal subsidies awarded through various Federal Transportation Administration (FTA) grant agreements. Revenues of \$13,344 from the City of Tulsa apportionments funded operating expenses and the aforementioned capital purchases. Including a gain on sale of assets, the Authority’s 2020 total revenues were \$29,635. The following chart details the Authorities revenue composition for 2020:



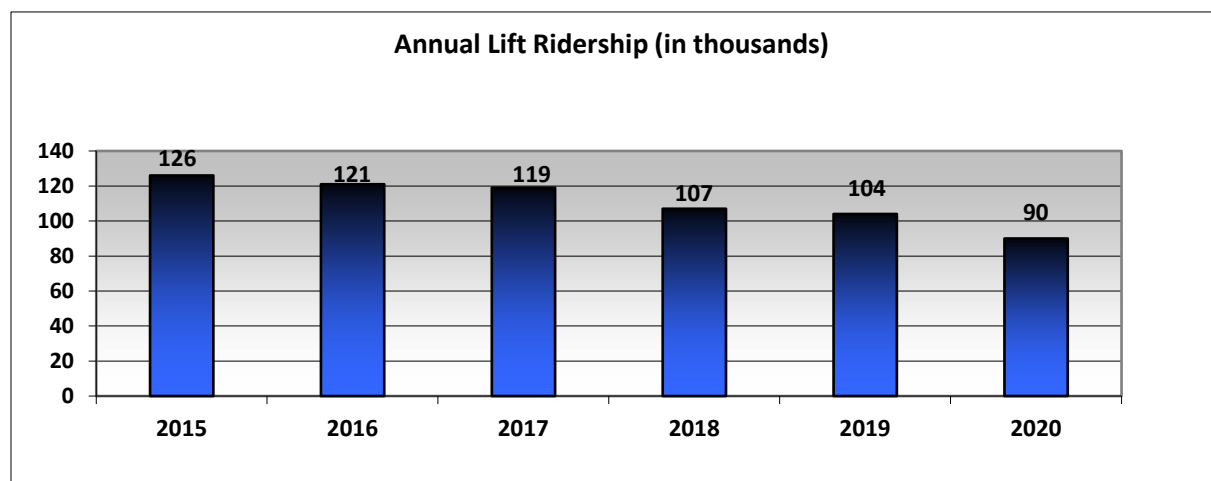
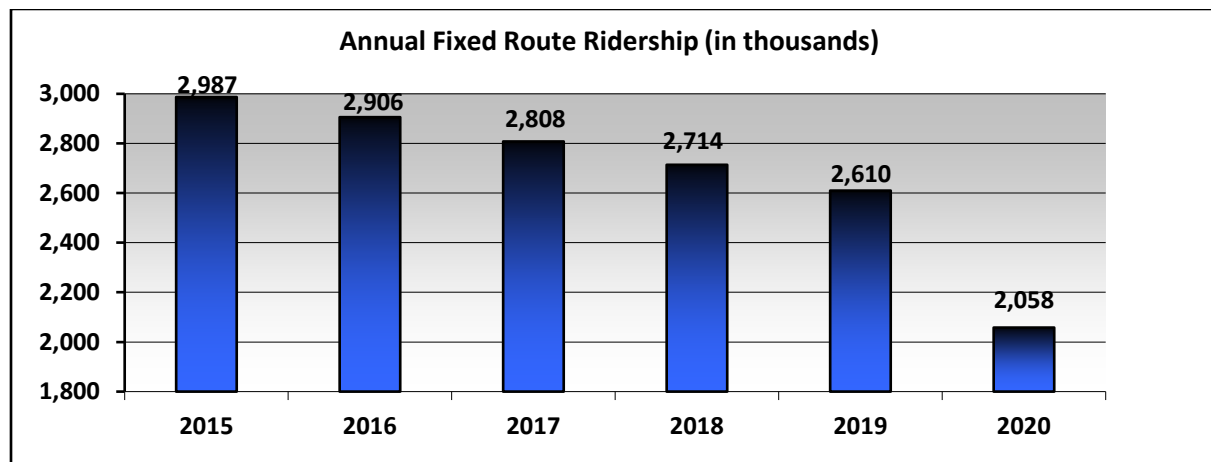


**Metropolitan Tulsa Transit Authority  
(A Component Unit of the City of Tulsa, Oklahoma)**

**Management’s Discussion and Analysis  
Year Ended June 30, 2020**

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Due to new transportation alternatives, gas prices and nation-wide economics, the Authority has seen a decrease in ridership. FY20 also brought additional decreased in ridership as the Tulsa Area responded to the COVID-19 Pandemic. During the months of April and May the Authority provided free fares and reduced service during the early stages of the pandemic. The Authority experienced ridership of approximately half of pre-pandemic ridership. This is not an issue that is specific to the City of Tulsa; transit agencies nation-wide are experiencing decreased ridership due to the pandemic. The charts below details Fixed Route and Lift Ridership for the last six years:



**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, 2020 and 2019**

	2020	2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 382,167	\$ 1,507,780
Restricted cash	187,303	186,753
<b>Total cash and cash equivalents</b>	<b>569,470</b>	<b>1,694,533</b>
Accounts receivable:		
Trade	92,181	127,750
Operating and capital grants	4,111,760	802,797
Inventories	866,059	765,201
Prepaid expenses and other	354,992	419,623
<b>Total current assets</b>	<b>5,994,462</b>	<b>3,809,904</b>
Noncurrent assets, restricted cash	<b>814,819</b>	<b>716,313</b>
Capital assets, at cost:		
Revenue equipment	35,751,757	30,954,101
Service equipment	620,415	524,195
Passenger shelters	2,091,138	2,057,298
Security equipment	1,140,285	1,140,285
Buildings	12,215,746	12,208,583
Shop and garage equipment	2,616,645	2,596,168
Other equipment	4,246,282	3,541,886
Furniture and fixtures	371,121	371,121
Land	2,633,707	2,633,707
Construction in progress	2,544,314	1,008,680
	<b>64,231,410</b>	<b>57,036,024</b>
Less accumulated depreciation	<b>37,612,467</b>	<b>35,092,371</b>
	<b>26,618,943</b>	<b>21,943,653</b>
<b>Total assets</b>	<b>33,428,224</b>	<b>26,469,870</b>
<b>Deferred outflows of resources</b>		
Pension related amounts	1,775,085	1,397,213
Other postemployment benefits related amounts	-	35,585
<b>Total deferred outflows of resources</b>	<b>1,775,085</b>	<b>1,432,798</b>

See notes to basic financial statements.

	2020	2019
<b>Liabilities</b>		
Current liabilities:		
Accounts payable:		
Trade	\$ 3,622,775	\$ 988,486
Other	20,125	38,965
Accrued wages payable	435,998	343,787
Accrued compensated absences	88,737	89,082
Accrued insurance claims	88,387	96,408
Accrued pension contributions	118,504	100,956
<b>Total current liabilities</b>	<b>4,374,526</b>	<b>1,657,684</b>
Noncurrent liabilities:		
Advances payable to the City of Tulsa	326,000	326,000
Net pension liability—MERP	4,940,348	4,379,463
Net pension liability—Union plan	7,878,074	6,963,941
Total OPEB liability	-	157,866
Accrued compensated absences	682,892	685,546
<b>Total noncurrent liabilities</b>	<b>13,827,314</b>	<b>12,512,816</b>
<b>Total liabilities</b>	<b>18,201,840</b>	<b>14,170,500</b>
<b>Deferred inflows of resources</b>		
Pension related amounts	1,460,756	1,779,903
Other postemployment benefits related amounts	-	17,324
<b>Total deferred inflows of resources</b>	<b>1,460,756</b>	<b>1,797,227</b>
<b>Net position</b>		
Investment in capital assets	26,618,943	21,943,653
Restricted, expendable for capital acquisitions	814,819	716,313
Restricted, expendable for worker's compensation	187,303	186,753
Unrestricted, deficit	(12,080,352)	(10,911,778)
<b>Total net position</b>	<b>\$ 15,540,713</b>	<b>\$ 11,934,941</b>

**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, 2020 and 2019**

	2020	2019
Operating revenues:		
Passenger	\$ 1,826,039	\$ 2,421,355
Advertising	615,027	591,486
Other	24,139	38,610
<b>Total operating revenues</b>	<b>2,465,205</b>	<b>3,051,451</b>
Operating expenses:		
Labor	7,927,977	7,045,411
Purchased transportation	3,041,532	2,973,173
Materials and supplies consumed	3,444,107	2,691,161
Fringes	5,034,982	5,533,456
Services	1,251,143	1,179,694
Insurance	517,393	223,921
Utilities	515,523	512,596
Depreciation	3,671,064	3,308,624
Other	625,278	479,449
<b>Total operating expenses</b>	<b>26,028,999</b>	<b>23,947,485</b>
<b>Operating loss</b>	<b>(23,563,794)</b>	<b>(20,896,034)</b>
Nonoperating revenues (expenses):		
Federal Transit Administration operating grants	7,994,830	6,116,002
State of Oklahoma operating grants	1,150,010	1,149,990
City of Tulsa operating appropriations	9,615,175	7,878,686
Interest	7,855	8,284
Gain on disposal of capital assets	5,524	9,686
Other	415,398	403,441
<b>Total nonoperating revenues</b>	<b>19,188,792</b>	<b>15,566,089</b>
<b>Deficiency of revenues over expenses before capital contributions and capital grants</b>	<b>(4,375,002)</b>	<b>(5,329,945)</b>
Capital grants, Federal Transit Administration	4,252,125	1,108,185
Capital contributions, City of Tulsa	3,728,649	1,356,513
<b>Change in net position</b>	<b>3,605,772</b>	<b>(2,865,247)</b>
Net position, beginning of year	11,934,941	14,800,188
Net position, end of year	<b>\$ 15,540,713</b>	<b>\$ 11,934,941</b>

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, 2020 and 2019**

	2020	2019
Cash flows from operating activities:		
Cash received from customers	\$ 2,500,774	\$ 3,059,772
Cash payments to suppliers for goods and services	(8,890,231)	(9,420,173)
Cash payments to employees	(12,217,805)	(10,944,487)
<b>Net cash used in operating activities</b>	<b>(18,607,262)</b>	<b>(17,304,888)</b>
Cash flows from noncapital financing activities:		
Operating grants received from Federal Transit Administration	4,685,867	5,907,308
Operating appropriations received from the City of Tulsa	9,615,175	7,878,686
Operating grants received from the state of Oklahoma	1,150,010	1,149,990
Other assistance received	415,398	403,441
<b>Net cash provided by noncapital financing activities</b>	<b>15,866,450</b>	<b>15,339,425</b>
Cash flows from capital and related financing activities:		
Construction and purchase of capital assets	(6,279,898)	(1,880,478)
Capital contributions from Federal Transit Administration	4,252,125	1,108,185
Capital contributions from the City of Tulsa	3,728,649	1,356,513
Proceeds from sale of capital assets	5,524	9,686
<b>Net cash provided by capital and related financing activities</b>	<b>1,706,400</b>	<b>593,906</b>
Cash flows provided by investing activities, interest earned	7,855	8,284
<b>Decrease in cash and cash equivalents</b>	<b>(1,026,557)</b>	<b>(1,363,273)</b>
Cash and cash equivalents, beginning of year	2,410,846	3,774,119
Cash and cash equivalents, end of year	<b>\$ 1,384,289</b>	<b>\$ 2,410,846</b>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (23,563,794)	\$ (20,896,034)
Depreciation	3,671,064	3,308,624
Changes in operating assets and liabilities:		
Accounts receivable	35,569	8,321
Inventories	(100,858)	(94,641)
Prepaid expenses and other	64,631	(108,000)
Accounts payable	548,993	(734,887)
Accrued liabilities	(8,021)	(422,651)
Payable to employees	106,760	101,598
Change in total OPEB liability and other OPEB related amounts	(139,605)	7,711
Change in net pension liability and other pension related amounts	777,999	1,525,071
<b>Net cash used in operating activities</b>	<b>\$ (18,607,262)</b>	<b>\$ (17,304,888)</b>
Noncash capital and related financing activities, capital assets recorded in accounts payable at year-end	<b>\$ 2,066,456</b>	<b>\$ 70,361</b>

See notes to basic financial statements.

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

**Notes to Basic Financial Statements**

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**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 as the City is the sole beneficiary and finances a significant portion of the Authority's annual operations. The Authority cannot incur indebtedness in excess of \$100,000 within a year without the City's approval.

**Significant accounting policies:**

**Basis of accounting and presentation:** The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP) as applied to business-type activities of governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

The financial statements of the Authority 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). The balance is \$814,819 and \$716,313 as of June 30, 2020 and 2019, respectively. Restricted cash also includes reserves to comply with the worker's compensation agreement. The balance is \$187,303 and \$186,753 as of June 30, 2020 and 2019, respectively.

**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. Donated assets are recorded at acquisition value as of the date donated. Depreciation of capital assets is computed using the straight-line method over the estimated useful life of each asset.

**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)**

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

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 as nonoperating income or expense.

**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.

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 when 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 and is 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. 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 statement of net position date plus an additional amount for compensation-related payments such as Social Security and Medicare taxes computed using rates in effect at that date.

	2019	Additions	Deletions	2020	Due in One Year
Compensated absences	\$ 774,628	\$ 771,629	\$ 774,628	\$ 771,629	\$ 88,737

	2018	Additions	Deletions	2019	Due in One Year
Compensated absences	\$ 712,067	\$ 774,628	\$ 712,067	\$ 774,628	\$ 89,082

**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 Union Employees' Pension Plan and additions to/deductions from these fiduciary net positions has been determined on the same basis as they are reported by the plans. 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.

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

**Notes to Basic Financial Statements**

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

**Deferred outflows of resources:** Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/ expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense.

**Deferred inflows of resources:** Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include pension related amounts not yet recognized against pension and OPEB expense.

**Net position:** Net position of the Authority represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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 resources are available, the Authority first applies restricted resources. Unrestricted net position (deficit) is the remaining assets less the 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.

**Use of estimates:** The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results could differ from those estimates.

**Note 2. Deposits and Investments**

**Deposits:** As of June 30, 2020 and 2019, the Authority's cash equivalents consisted of checking accounts and interest bearing savings accounts. 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.

As of June 30, 2020 and 2019, none of the Authority's bank balances of \$2,096,135 and \$2,422,426, respectively, were uninsured or uncollateralized.



**Metropolitan Tulsa Transit Authority**  
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**Notes to Basic Financial Statements**

**Note 3. Capital Assets**

The changes in capital assets for the years ended June 30, 2020 and 2019 were as follows:

	2020				Ending Balance
	Beginning Balance	Additions	Reductions	Transfers	
Capital assets not being depreciated:					
Construction in progress	\$ 1,008,680	\$ 2,284,250	\$ -	\$ (748,616)	\$ 2,544,314
Land	2,633,707	-	-	-	2,633,707
Total capital assets not being depreciated	3,642,387	2,284,250	-	(748,616)	5,178,021
Capital assets being depreciated:					
Revenue equipment	30,954,101	5,948,624	(1,150,968)	-	35,751,757
Service equipment	524,195	96,220	-	-	620,415
Passenger shelters	2,057,298	-	-	33,840	2,091,138
Security equipment	1,140,285	-	-	-	1,140,285
Buildings	12,208,583	-	-	7,163	12,215,746
Shop and garage equipment	2,596,168	17,260	-	3,217	2,616,645
Other equipment	3,541,886	-	-	704,396	4,246,282
Furniture and fixtures	371,121	-	-	-	371,121
Total capital assets being depreciated	53,393,637	6,062,104	(1,150,968)	748,616	59,053,389
Accumulated depreciation:					
Revenue equipment	17,700,090	2,756,428	(1,150,968)	-	19,305,550
Service equipment	341,404	56,657	-	-	398,061
Passenger shelters	1,870,410	43,407	-	-	1,913,817
Security equipment	1,104,696	29,164	-	-	1,133,860
Buildings	8,989,714	340,785	-	-	9,330,499
Shop and garage equipment	1,585,287	158,277	-	-	1,743,564
Other equipment	3,166,739	271,781	-	-	3,438,520
Furniture and fixtures	334,031	14,565	-	-	348,596
Total accumulated depreciation	35,092,371	3,671,064	(1,150,968)	-	37,612,467
Total capital assets being depreciated, net	18,301,266	2,391,040	-	748,616	21,440,922
Capital assets, net	\$ 21,943,653	\$ 4,675,290	\$ -	\$ -	\$ 26,618,943

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

**Notes to Basic Financial Statements**

**Note 3. Capital Assets (Continued)**

	2019				Ending Balance
	Beginning Balance	Additions	Reductions	Transfers	
Capital assets not being depreciated:					
Construction in progress	\$ 219,637	\$ 935,221	\$ -	\$ (146,178)	\$ 1,008,680
Land	2,633,707	-	-	-	2,633,707
Total capital assets not being depreciated	2,853,344	935,221	-	(146,178)	3,642,387
Capital assets being depreciated:					
Revenue equipment	31,783,849	923,395	(1,753,143)	-	30,954,101
Service equipment	524,195	-	-	-	524,195
Passenger shelters	2,057,298	-	-	-	2,057,298
Security equipment	1,140,285	-	-	-	1,140,285
Buildings	12,113,562	40,758	-	54,263	12,208,583
Shop and garage equipment	2,558,827	37,341	-	-	2,596,168
Other equipment	3,569,076	-	(119,105)	91,915	3,541,886
Furniture and fixtures	359,997	11,124	-	-	371,121
Total capital assets being depreciated	54,107,089	1,012,618	(1,872,248)	146,178	53,393,637
Accumulated depreciation:					
Revenue equipment	16,992,687	2,460,546	(1,753,143)	-	17,700,090
Service equipment	334,084	7,320	-	-	341,404
Passenger shelters	1,787,265	83,144	-	-	1,870,409
Security equipment	1,050,313	54,383	-	-	1,104,696
Buildings	8,651,553	338,162	-	-	8,989,715
Shop and garage equipment	1,425,938	159,348	-	-	1,585,286
Other equipment	3,095,841	190,004	(119,105)	-	3,166,740
Furniture and fixtures	318,314	15,717	-	-	334,031
Total accumulated depreciation	33,655,995	3,308,624	(1,872,248)	-	35,092,371
Total capital assets being depreciated, net	20,451,094	(2,296,006)	-	146,178	18,301,266
Capital assets, net	\$ 23,304,438	\$ (1,360,785)	\$ -	\$ -	\$ 21,943,653

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

**Notes to Basic Financial Statements**

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**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.

**Municipal Employees' Retirement Plan:**

**Plan description:** Certain employees of the Authority are provided with pensions through the Municipal Employees' Retirement Plan (MERP)—a cost-sharing multiple-employer defined benefit pension plan administered by the City of Tulsa. 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. 2<sup>nd</sup> Street, Tulsa, Oklahoma 74103.

**Benefits provided:** MERP provides retirement, disability and death benefits. Retirement benefits are determined based on the employee's highest 30 months of pensionable wages during the last five-years of service and a multiplier based on the years of service. Employees entering the plan prior to July 1, 2018, are eligible for full retirement at age 65 and at least 5 years of service or when the years of service plus the employee's age equals or exceeds 80. Reduced benefits are available after age 55 and 5 years of service (Early retirement). Benefits for Early retirement are reduced 2.5% per year prior to age 65. Employees entering the plan on or after July 1, 2018 are eligible for full retirement at age 65, with at least five years of service, or when the years of service plus the employee's age equals or exceeds 90. Reduced benefits are available after age 60 and five years of service (Early retirement). Benefits for early retirement are reduced 6% per year prior to age 65. Five years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as normal retirement. Death benefits for vested participants are, at the spouse's election, a refund of contribution plus interest or a life annuity of 50% of the member's accrued benefit determined based on final average earnings and service as of the date of death.

**Contributions:** Contributions are set per City of Tulsa ordinance. Employees were required to contribute 6.5% of their pensionable wages for the years ended June 30, 2020 and 2019. The Authority was required to contribute 15.5% of pensionable wages for the years ended June 30, 2020 and 2019. The Authority is also responsible for Actuarially Determined Employer Contributions (ADEC) that exceeds the 15.5% of pensionable wages. Actual contributions to the pension plan from the Authority were \$392,277 and \$358,767 for the years ended June 30, 2020 and 2019, respectively.

There were no nonemployer contributing entities at MERP.

**Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:** At June 30, 2020, the Authority reported a liability of \$4,940,348 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. Standard update procedures were used to roll forward the total pension liability to June 30, 2020. The liability for June 30, 2019 was \$4,379,463. The 2019 liability was measured as of June 30, 2019, determined by an actuarial valuation as of January 1, 2019. Standard update procedures were used to rollforward the total pension liability to June 30, 2019. 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, 2020 and 2019, the Authority's proportion was 1.9453% and 1.8649%, respectively.

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

**Notes to Basic Financial Statements**

**Note 4. Pension Plans (Continued)**

For the years ended June 30, 2020 and 2019, the Authority recognized pension expense of \$842,837 and \$865,694, respectively. At June 30, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual plan experience	\$ 8,498	\$ (85,851)	\$ 20,667	\$ (146,243)
Changes of assumptions	277,028	-	507,757	-
Net difference between projected and actual earnings on pension plan investments	332,640	-	130,479	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	202,409	(62,732)	146,504	(100,213)
Total	<u>\$ 820,575</u>	<u>\$ (148,583)</u>	<u>\$ 805,407</u>	<u>\$ (246,456)</u>

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

Years ended June 30:	
2021	\$ 176,123
2022	176,123
2023	179,989
2024	139,757
	<u>\$ 671,992</u>

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement. The assumptions remained consistent with 2019.

Inflation	2.50%
Salary increases	3.50% to 11.25%, including inflation
Investment rate of return	7.00% compounded annually, net of investment expense and including inflation

Mortality rates were based on the RP-2014 Combined Health Mortality Table with Blue Collar Adjustment, which is projected on a fully generational basis with scale MP-2015 from the table's base year of 2014.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2015.

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

**Notes to Basic Financial Statements**

**Note 4. Pension Plans (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class:	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	24%	1.16%
Domestic equity	36	6.19
International equity	24	6.59
Real estate	8	4.24
Commodities	3	0.50
Timber	4	3.80
Cash	1	0.11
Total	100%	

**Discount rate:** The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the participating employers will be made as specified in MERP's funding policy. Beginning July 1, 2017, and all future years, it is assumed that the employer contribution rate will be 15.50% of payroll, which is the actuarially determined contribution rate. Based on those assumptions, MERP's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

**Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate:** The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
2020			
Authority's proportionate share of the net pension liability	\$ 6,635,788	\$ 4,940,348	\$ 3,526,436
2019			
Authority's proportionate share of the net pension liability	\$ 5,961,613	\$ 4,379,463	\$ 3,059,515

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

**Notes to Basic Financial Statements**

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**Note 4. Pension Plans (Continued)**

**Pension plan fiduciary net position:** Detailed information about the pension plan's fiduciary net position is available in the City of Tulsa's CAFR; which can be located at [www.cityoftulsa.org](http://www.cityoftulsa.org).

**Union Employees' Pension Plan:**

**Plan description:** 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 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. The Union Plan is excluded from the Authority's reporting entity since the Authority does not perform investment functions and does not have significant administrative involvement.

**Benefits provided:** The Union Plan provides retirement, disability, death and termination benefits. Retirement benefits for participants who terminated employment prior to July 1, 1998 are determined based on 1.7% times final average earnings, minus 1.25% of primary social security benefit, times years of credited service. Retirement benefits for participants who terminated employment on or after July 1, 1998 and prior to July 1, 2003 are determined based on 1.7% times final average earnings, times years of credited service. Retirement benefits for participants who terminated employment on or after July 1, 2003 and prior to July 1, 2007 are determined based on 1.89% times final average earnings, times years of credited service. Retirement benefits for participants who terminated employment from any position other than a Union position on or after July 1, 2007 are determined based on 1.89% times final average earnings, times years of credited service. Retirement benefits for participants who terminated employment from a Union position on or after July 1, 2007 are determined based on 2.25% times final average earnings, times years of credited service. Participants entering the plan prior to January 1, 2002 and terminating employment prior to July 1, 2001 are eligible for full retirement at age 65. Participants entering the plan prior to January 1, 2002 and terminating employment on or after July 1, 2001 are eligible for full retirement at age 62 or 30 years of service, whichever is earlier. Participants entering the plan on or after January 1, 2002 and prior to January 1, 2018 are eligible for full retirement once the participant has attained both the vesting date and age 62 or has completed 30 years of service, whichever is earlier. Participants entering the plan on or after January 1, 2018 are eligible for full retirement once the participant has attained both the vesting date and age 65 or has completed 30 years of service, whichever is earlier. Reduced benefits are available for participants entering the plan prior to January 1, 2002 after age 55 or the Rule of 85 Date has been attained (early retirement). Reduced benefits are available for participants entering the plan on or after January 1, 2002 after age 55 and the vesting date has been attained or the Rule of 85 Date has been attained. Benefits for early retirement are reduced by 2.5% per year, although there is no reduction in benefits if the Rule of 85 Date has been attained. Participants with at least 10 years of continuous services are eligible for disability benefits. Disability benefits are determined in the same manner as normal retirement. Death benefits for vested participants are, at the spouse's election, a refund of contributions plus interest or a life annuity of 50% of the participant's accrued benefit determined based on final average earnings and credited service as of the date of death.

**Metropolitan Tulsa Transit Authority  
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**Notes to Basic Financial Statements**

**Note 4. Pension Plans (Continued)**

**Basis of accounting:** The Union Plan's financial information is prepared on the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. The Authority's contributions are recognized when due and a formal commitment to provide the contributions is made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Securities without an established market value are reported at estimated fair value. Administrative costs of the Union Plan are financed through investment earnings.

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% vested after ten years of service. The membership data at June 30, 2020 and 2019 included:

	2020	2019
Active members	131	123
Retirees and beneficiaries currently receiving benefits	85	84
Inactive members entitled to but not yet receiving benefits	9	13
	<u>225</u>	<u>220</u>

**Contributions:** The employer and employee contribution rates are determined by the Agreement. The employee contribution rate for the period from January 1, 2020 to December 31, 2021 is 7.0%. The employee contribution rate for the period from January 1, 2019 to December 31, 2019 was 6.0%. The required minimum employer contribution rate for the period from January 1, 2019 to June 30, 2020 was 11.0%. The required minimum employer contribution rate for the period from July 1, 2018 to December 31, 2018. The actual employer contribution rate for fiscal years 2020 and 2019 was 8.9% and 10.4%, respectively.

**Investments:** The 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 one organization representing more than 5% or more of the Union Plan's net position. There are no investments in, loans to, or leases with related parties. The Union Plan shall diversify the investments so as to minimize the risk of large losses unless under the circumstances, it is clearly prudent not to do so.

Following is the plan's asset allocation policy as of June 30, 2020 and the long-term expected geometric real rate of return for each major asset class.

Asset Class	Asset Allocation	Long-Term Expected Rate of Return
Cash and equivalents	3.33%	1.0%
Corporate equities	17.25	2.0
Pooled equity funds	43.20	8.5
Pooled fixed income funds	36.22	2.3
	<u>100.00%</u>	

**Metropolitan Tulsa Transit Authority  
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**Notes to Basic Financial Statements**

**Note 4. Pension Plans (Continued)**

**Rate of return:** For the years ended June 30, 2020 and 2019, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was -2.21% and 6.66%, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net pension liability:** The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the date.

A schedule of the Authority's changes in its net pension liability for the Union Plan for the years ended June 30, 2020 and 2019 is as follows:

	2020	2019
<b>Total pension liability</b>		
Service cost	\$ 1,061,248	\$ 1,035,074
Interest	822,905	822,281
Benefit payments, including refunds of member contributions	(981,205)	(947,848)
Changes of benefit terms	(21,331)	147,783
Difference between expected and actual experience of the total pension liability	(412,395)	(833,236)
Changes in assumptions	-	203,379
Net change in total pension liability	469,222	427,433
Total pension liability—beginning	17,694,996	17,267,563
Total pension liability—ending (a)	<u>\$ 18,164,218</u>	<u>\$ 17,694,996</u>
<b>Plan fiduciary net position</b>		
Contributions—employer	\$ 523,337	\$ 403,824
Contributions—employee	312,859	233,037
Net investment income (loss)	(234,314)	683,110
Benefit payments, including refunds of member contributions	(981,205)	(947,848)
Administrative expense	(65,588)	(92,868)
Net change in plan fiduciary net position	(444,911)	279,255
Plan fiduciary net position—beginning	10,731,055	10,451,800
Plan fiduciary net position—ending (b)	<u>\$ 10,286,144</u>	<u>\$ 10,731,055</u>
Net pension liability—ending (a) - (b)	<u>\$ 7,878,074</u>	<u>\$ 6,963,941</u>
Plan fiduciary net position as a percentage of the total pension liability	56.63%	60.64%

**Note:** The 2019 change in assumption is due to the decrease of the discount rate in 2018, from 4.75% as of June 30, 2018 to 4.64% as of June 30, 2019.



**Metropolitan Tulsa Transit Authority  
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**Notes to Basic Financial Statements**

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**Note 4. Pension Plans (Continued)**

**Actuarial assumptions:** The total pension liability in the June 30, 2020 actuarial valuation was determined using mortality rates based on the RP-2014 Blue Collar Mortality Table, fully generational, projected with the ultimate rates of the MP-2014 projection for males and females, as appropriate. The actuary used a 7.00% long-term rate of return until the projected fiduciary net position of the Union Plan is exhausted at which point a 20-year general obligation municipal bond rate is used (2.45% and 3.13% for fiscal years 2020 and 2019, respectively) resulting in a long-term blended rate of return of 4.64% for 2020 and 2019. The source of the municipal bond rate is the Fidelity Index's 20-year Municipal GO AA Index.

**Discount rate:** The discount rate used to measure the total pension liability as of June 30, 2020 and 2019 was 4.64%. 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 made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the future benefit payments through the year 2050 at June 30, 2020. As a result, for fiscal year 2020, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to all benefit payments after those dates.

**Sensitivity of the Authority's net pension liability to changes in the discount rate:** The following presents the Authority's net pension liability calculated using the single discount rate of 4.64%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.64%) or 1-percentage-point higher (5.64%) than the current rate.

	1% Decrease (3.64%)	Discount Rate (4.64%)	1% Increase (5.64%)
2020 Authority's net pension liability as of June 30, 2020	\$ 10,033,155	\$ 7,878,074	\$ 6,068,961
2019 Authority's net pension liability as of June 30, 2019	\$ 9,059,548	\$ 6,963,941	\$ 5,203,271

**Metropolitan Tulsa Transit Authority  
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**Notes to Basic Financial Statements**

**Note 4. Pension Plans (Continued)**

**Pension expense, deferred outflows of resources and deferred inflows of resources related to pensions:** For the years ended June 30, 2020 and 2019, the Authority recognized pension expense of \$853,492 and \$1,422,211, respectively. At June 30, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Union Plan pension from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,163,884	\$ 4,882	\$ 1,166,066
Changes of assumptions	125,793	148,289	403,339	367,381
Net difference between projected and actual earnings on pension plan investments	828,717	-	183,585	-
Total deferred amounts to be recognized in pension expense in future periods	<u>\$ 954,510</u>	<u>\$ 1,312,173</u>	<u>\$ 591,806</u>	<u>\$ 1,533,447</u>

Deferred outflows and inflows of resources are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period, which was 4.8240 years and 5.2427 years as of June 30, 2020 and 2019, respectively. The deferred outflows related to the difference between expected and actual investment earnings is being amortized over a closed 5-year period beginning in the current year. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ended June 30:	
2021	\$ (281,943)
2022	(111,360)
2023	(60,385)
2024	96,025
	<u>\$ (357,663)</u>

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

**Notes to Basic Financial Statements**

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

**General information about the OPEB Plan:** Effective July 30, 2020, the Authority exited the City of Tulsa's Postretirement Medical Plan (the Plan). No active employees remain in the Plan and a limited number of retirees stayed in the Plan. No other postretirement benefit plan will be offered to employees, therefore, the liability for future costs is no longer required and all OPEB-related amounts have been written off as of June 30, 2020. The below information describing the Plan has been presented for purposes of the 2019 financial statements.

**Plan description:** 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 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a stand-alone financial report.

**Benefits provided:** All health care benefits are provided through the City's fully insured health plan. The benefit levels are the same as those offered to active employees. Benefits include general inpatient and outpatient medical services and prescriptions. General employees are eligible for membership in the plan if they retire from the City on or after age 55 with 5 years of service or with age and service totaling 80 points. Coverage ceases upon eligibility of the member (retiree or dependent) for Medicare. Coverage for dependents can continue upon the death of the retiree. Spouses of employees eligible for benefits and who die in active service can receive coverage.

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

**OPEB Liabilities, expense and deferred outflows of resources and deferred inflows of resources:** At June 30, 2019, the Authority reported a liability of \$157,866 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018. Standard update procedures were used to roll forward the total OPEB liability to June 30, 2019. The Authority's proportion of the total OPEB liability was based on the Authority's share of active employee participants relative to the active employees of all participating employers. At June 30, 2019, the Authority's proportion was 2.5741%.

For the year ended June 30, 2019 the Authority recognized OPEB expense of \$19,658. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual plan experience	\$ 19,464	\$ 8,113
Changes of assumptions	6,807	3,608
Changes in proportion and differences between Authority's contributions and proportionate share of contributions	9,314	5,603
Total	<u>\$ 35,585</u>	<u>\$ 17,324</u>

**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)**

**Actuarial assumptions:** The 2019 total OPEB liability was determined by an actuarial valuation as of June 30, 2018.

Inflation	3.00%
Salary increases	4.00% to 11.75%, including 3.0% inflation and 1.0% productivity
Health care cost trend rate	8.5% for 2019, decreasing by 0.5% annually to an ultimate rate of 5%

35% of future retirees with coverage are assumed to elect health care coverage.

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

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

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

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

	1% Decrease (2.51%)	Current Discount Rate (3.51%)	1% Increase (4.51%)
2019 Authority's proportionate share of the total OPEB liability	\$ 169,513	\$ 157,866	\$ 147,197

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

	1% Decrease (7.5%) decreasing to 4.0%)	Current Rate (8.5%) decreasing to 5.0%)	1% Increase (9.5%) decreasing to 6.0%)
2019 Authority's proportionate share of the total OPEB liability	\$ 142,971	\$ 157,866	\$ 175,137

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

**Notes to Basic Financial Statements**

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**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, 2020, the Authority has entered into contracts totaling approximately \$4,190,000 which will be funded by federal grants.

**Note 7. Related-Party Transactions**

During the years ended June 30, 2020 and 2019, the Authority received no advances from the City, although \$326,000 of prior advances were outstanding as of June 30, 2020 and 2019.

During the years ended June 30, 2020 and 2019, the Authority received operating appropriations from the City of \$9,615,175 and \$7,878,686, respectively. During the years ended June 30, 2020 and 2019, the Authority received capital appropriations from the City of \$3,728,649 and \$1,356,513, 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 also self-insured its liability for workers' compensation losses incurred for the first \$350,000 per claim and any excess over \$5,000,000 per claim. The Authority purchased commercial insurance coverage for workers' compensation claims. Losses estimated to have been incurred and not paid as of the statement of net position 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.

The following is a summary of the self-insurance activity during the fiscal years ended June 30, 2020, 2019 and 2018:

	2020	2019	2018
Liability, beginning of year	\$ 96,408	\$ 519,059	\$ 724,992
Claims incurred (recovered):			
Auto/general	44,711	(36,792)	318,149
Workers' compensation	-	-	125,031
Claims paid	(52,732)	(385,859)	(649,113)
Liability, end of year	<u>\$ 88,387</u>	<u>\$ 96,408</u>	<u>\$ 519,059</u>

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

**Notes to Basic Financial Statements**

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**Note 9. Future Changes in Accounting Pronouncements**

GASB Statement No. 84, *Fiduciary Activities*, effective for reporting periods beginning after December 15, 2019, will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Management is still evaluating the applicability of Statement No. 84 to the Authority.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the Authority beginning with its fiscal year ending June 30, 2022. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the Authority must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties. Management is still evaluating the applicability of Statement No. 87 to the Authority.

**Note 10. Contingency**

The spread of COVID-19, a novel strain of coronavirus, is altering the behavior of businesses and people throughout the United States. Further, financial markets have experienced significant volatility attributed to coronavirus concerns. The continued spread of COVID-19 may adversely impact the local, regional and national economies. The extent to which the coronavirus impacts the Authority's results will depend on future developments, which are highly uncertain and cannot be predicted. The impact is highly dependent on the breadth and duration of the outbreak and could be affected by other factors that cannot currently be predicted. Accordingly, management cannot presently estimate the overall operational and financial impact to the Authority, but such an impact could have a material adverse effect on the financial condition of the Authority.

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

**Required Supplementary Information  
Municipal Employees' Retirement Plan Schedule of Proportionate Share of the  
Net Pension Liability and Schedule of Contributions**

	June 30,		
	2020	2019	2018
Authority's proportion of the net pension liability	1.9453%	1.8649%	1.9302%
Authority's proportionate share of the net pension liability	\$ 4,940,348	\$ 4,379,463	\$ 3,789,382
Authority's covered payroll	2,548,329	2,316,200	2,477,181
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	194%	189%	153%
Plan fiduciary net position as a percentage of the total pension liability	65.22%	66.91%	70.61%
Contractually required contribution	\$ 394,991	\$ 359,011	\$ 357,324
Contributions in relation to the contractually required contribution	394,991	359,011	357,324
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 2,548,329	\$ 2,316,200	\$ 2,477,181
Contributions as a percentage of covered payroll	15.50%	15.50%	15.50%

No information available for years prior to June 30, 2015.

**Changes of assumptions.** In 2016, amounts reported as changes of assumptions resulted primarily from changes in the mortality table and discount rate from 7.75% to 7.50%.

In 2019, amounts reported as changes of assumptions resulted primarily from an inflation decrease from 3.0% to 2.5%, salary increases changed from 4.00%–11.75% to 3.5%–11.25% and investment rate of return decreased from 7.50% to 7.00%.

June 30,		
2017	2016	2015
1.7793%	1.7994%	1.7895%
\$ 3,515,360	\$ 3,892,331	\$ 2,241,425
2,234,017	2,143,730	2,004,148
157%	182%	112%
69.39%	65.62%	77.13%
\$ 241,312	\$ 252,205	\$ 230,586
241,312	252,205	230,586
\$ -	\$ -	\$ -
\$ 2,234,017	\$ 2,143,730	\$ 2,004,148
11.50%	11.50%	11.50%



**Metropolitan Tulsa Transit Authority**  
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**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability**  
**Union Employees' Pension Plan**

	June 30,		
	2020	2019	2018
<b>Total Pension Liability</b>			
Service cost	\$ 1,061,248	\$ 1,035,074	\$ 995,022
Interest	822,905	822,281	807,543
Benefit payments	(981,205)	(947,848)	(913,428)
Difference between expected and actual experience	(412,395)	(833,236)	(667,467)
Changes in assumptions	-	203,379	(95,085)
Changes in benefit terms	(21,331)	147,783	-
<b>Net change in total pension liability</b>	<b>469,222</b>	<b>427,433</b>	<b>126,585</b>
Total pension liability—beginning of year	17,694,996	17,267,563	17,140,978
Total pension liability—end of year	<u>\$ 18,164,218</u>	<u>\$ 17,694,996</u>	<u>\$ 17,267,563</u>
<b>Plan Net Position</b>			
Contributions—employer	\$ 523,337	\$ 403,824	\$ 383,632
Contributions—employee	312,859	233,037	189,386
Investment income, net of investment expenses	(234,314)	683,110	543,608
Benefit payments	(981,205)	(947,848)	(913,428)
Administrative expenses	(65,588)	(92,868)	(64,338)
<b>Net change in plan net position</b>	<b>(444,911)</b>	<b>279,255</b>	<b>138,860</b>
Total plan net position—beginning of year	10,731,055	10,451,800	10,312,940
Total plan net position—end of year	<u>\$ 10,286,144</u>	<u>\$ 10,731,055</u>	<u>\$ 10,451,800</u>
<b>Net pension liability</b>	<u>\$ 7,878,074</u>	<u>\$ 6,963,941</u>	<u>\$ 6,815,763</u>

No information available for years prior to June 30, 2015.

See note to required supplementary information.

June 30,		
2017	2016	2015
\$ 820,290	\$ 568,416	\$ 532,080
740,466	798,109	837,382
(918,508)	(797,315)	(858,804)
(211,294)	45,690	(711,676)
(911,983)	2,234,197	809,630
67,797	-	-
(413,232)	2,849,097	608,612
17,554,210	14,705,113	14,096,501
<u>\$ 17,140,978</u>	<u>\$ 17,554,210</u>	<u>\$ 14,705,113</u>
\$ 310,926	\$ 285,705	\$ 285,705
125,333	121,365	117,267
925,956	70,587	177,578
(918,508)	(797,315)	(858,804)
(94,714)	(67,884)	(79,342)
348,993	(387,542)	(357,596)
9,963,947	10,351,489	10,709,085
<u>\$ 10,312,940</u>	<u>\$ 9,963,947</u>	<u>\$ 10,351,489</u>
<u>\$ 6,828,038</u>	<u>\$ 7,590,263</u>	<u>\$ 4,353,624</u>

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

**Required Supplementary Information**  
**Schedule of Net Pension Liability and Related Ratio**  
**Union Employees' Pension Plan**

	June 30,		
	2020	2019	2018
Total pension liability—end of year	<b>\$ 18,164,218</b>	\$ 17,694,996	\$ 17,267,563
Plan net position—end of year	<b>10,286,144</b>	10,731,055	10,451,800
<b>Net pension liability</b>	<b>\$ 7,878,074</b>	\$ 6,963,941	\$ 6,815,763
Plan net position as a percentage of the total pension liability	<b>56.63%</b>	60.64%	60.53%
Covered payroll	<b>\$ 4,267,182</b>	\$ 4,309,219	\$ 4,038,237
Net pension liability as a percentage of covered payroll	<b>184.62%</b>	161.61%	168.78%

No information available for years prior to June 30, 2015.

See note to required supplementary information.

June 30,		
2017	2016	2015
\$ 17,140,978	\$ 17,554,210	\$ 14,705,113
10,312,940	9,963,947	10,351,489
<u>\$ 6,828,038</u>	<u>\$ 7,590,263</u>	<u>\$ 4,353,624</u>
60.17%	56.76%	70.39%
\$ 3,180,653	\$ 2,863,557	\$ 3,174,496
214.67%	265.06%	137.14%

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

**Required Supplementary Information**  
**Schedule of Money-Weighted Rate of Return**  
**Union Employees' Pension Plan**

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Plan year ended June 30:	
2011	31.72%
2012	1.09
2013	11.07
2014	15.24
2015	1.70
2016	0.70
2017	9.57
2018	5.38
2019	(2.21)
2020	

See note to required supplementary information.

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

**Required Supplementary Information  
Schedule of Contributions From the Authority  
Union Employees' Pension Plan**

Plan Year Ended June 30	Annual Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a Percent of Covered Payroll
2011	\$ 340,700	\$ 273,980	\$ 66,720	\$ 3,044,226	9.00%
2012	330,850	252,465	78,385	2,805,171	9.00
2013	408,337	283,904	124,433	3,154,486	9.00
2014	417,630	285,450	132,180	3,171,667	9.00
2015	486,470	285,705	200,765	3,174,496	9.00
2016	436,582	285,705	150,877	2,863,557	9.98
2017	499,725	310,926	188,799	3,180,653	9.78
2018	694,344	383,632	310,712	4,038,237	9.50
2019	704,233	403,824	300,409	4,309,219	9.37
2020	698,141	523,337	174,804	4,267,182	12.26

\* An amendment to the employer contribution rates was executed in August 2019 to retroactively increase employer contribution rates as of January 1, 2019. As the retroactive amendment was not executed until August 2019, the increase is not reflected for the year ended June 30, 2019, but will be in the next fiscal year.

See note to required supplementary information.

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

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

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Actuarial valuation:	
Frequency	Annual
Cost method	Entry Age Normal
Amortization	The amortization method used is Level Percentage of Payroll, Open The weighted average remaining period is 30 years.
Assumptions:	
Single discount rate:	4.64%
Long-term expected rate of return	7.00%
Long-term municipal bond rate	2.45
Salary increases	3.00%
Retirement age	20% assumed at Rule of 85; 100% retirement assumed at Normal Retirement Age
Mortality	MP-2014 Blue Collar Mortality Table, fully generational, projected with the ultimate rates of the MP-2014 for males and females
Disability	Not applicable to the MP-2014 projection scale

**Changes of assumptions:**

The 2019 single discount rate decreased from 4.75% as of June 30, 2018 to 4.64% as of June 30, 2019.

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

**Required Supplementary Information**  
**Postemployment Benefits Other than Pension Plan**

**Schedule of Proportionate Share—For the Prior Four Years**

Year	Authority's Proportion of OPEB Liability	Authority's Proportionate Share of Total OPEB Liability	Authority's Covered Payroll	Authority's Proportionate Share of Total OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
2019	2.5741%	157,866	2,753,800	5.7%	0.00%
2018	2.3626%	149,179	2,445,557	6.1%	0.00%
2017	2.5310%	142,603	2,640,796	5.4%	0.00%
2016	2.5420%	152,963	2,549,383	6.0%	0.00%

No information available for years prior to June 30, 2016.

NOTE: Effective July 30, 2020, the Authority exited the City of Tulsa's Postretirement Medical Plan. Therefore the liability for future payments and all OPEB-related amounts have been written off as of June 30, 2020.

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

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

**Postemployment Benefits Other than Pensions Plan**  
**Schedule of Employer Contributions—For the Prior Four Years**

Year	Contractually Required Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2019	11,948	11,948	-	2,753,800	0.43%
2018	4,776	4,776	-	2,445,557	0.20%
2017	31,239	31,239	-	2,640,796	1.18%
2016	20,247	20,247	-	2,549,383	0.79%

No information available for years prior to June 30, 2016.



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

**Supplemental Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020**

Federal Grantor/ Program Title	Project Number	CFDA #	Program or Award Amount	Unexpended Balance at June 30, 2019
<b>U.S Department of Transportation (Direct)</b>				
	OK-2017-025-00	20.526	\$ 645,986	\$ 164,651
	OK-2017-026-00	20.526	642,193	306,792
	OK-2018-018-00	20.526	4,202,870	4,202,870
	OK-2018-007-00	20.507	1,092,133	652,238
	OK-2016-X011-00	20.516	35,446	-
	OK-95-X008-00	20.507	250,000	15,449
	OK-2016-005-00	20.507	250,000	143,160
	OK-2019-024-00	20.507	6,804,413	-
	OK-2016-001-00	20.507	6,692,783	104,761
	OK-2017-009-00	20.507	6,614,777	332,016
	OK-2018-011-00	20.507	6,776,061	2,470,564
			<u>\$ 34,006,662</u>	<u>\$ 8,392,501</u>

Grant Amendments/ During Awarded Current Year	Other Income and Matching	Current Year Expenditures Federal	Current Year Expenditures Federal and Local	Unexpended Balance at June 30, 2020
\$ -	\$ 16,460	\$ 65,841	\$ 82,301	\$ 98,810
-	-	-	-	306,792
-	1,755,583	4,096,361	5,851,944	106,509
-	-	-	-	652,238
35,446	21,334	35,446	56,780	-
-	3,780	15,119	18,899	330
-	19,203	76,811	96,014	66,349
6,804,413	2,398,874	5,311,496	7,710,370	1,492,917
-	18,528	74,113	92,641	30,648
-	500	2,000	2,500	330,016
-	529,998	2,250,121	2,780,119	220,443
<u>\$ 6,839,859</u>	<u>\$ 4,764,260</u>	<u>\$ 11,927,308</u>	<u>\$ 16,691,568</u>	<u>\$ 3,305,052</u>

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

**Schedule of Operating Expenses, Excluding Depreciation**  
**Supplementary Information**  
**Year Ended June 30, 2020**

Labor:	
Operator salaries and wages	\$ 4,363,589
Transportation administration	327,374
System security	439,703
Servicing of revenue vehicles	214,051
Maintenance administration	275,668
Maintenance and inspection of revenue vehicles	888,129
Service development	615,828
General office administration	704,864
Safety and training administration	98,771
<b>Total labor</b>	<u>7,927,977</u>
Purchased transportation:	
Lift program, ADA	2,263,981
Fixed route	777,551
<b>Total purchased transportation</b>	<u>3,041,532</u>
Materials and supplies consumed:	
Diesel fuel	295,274
Compressed natural gas	254,087
Gasoline service	71,231
Oil and lubricants	128,197
Tires and tubes	121,772
Shop and garage building repair	480,412
Service and shop equipment	35,429
Other shop and garage expense	97,251
Repair parts for revenue vehicles	956,319
Servicing supplies	769,335
Transportation and safety	47,253
Schedules	44,759
Tickets and transfers	23,883
General office expenses	118,905
<b>Total materials and supplies consumed</b>	<u>3,444,107</u>

(Continued)

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

**Schedule of Operating Expenses, Excluding Depreciation (Continued)**  
**Supplementary Information**  
**Year Ended June 30, 2020**

Fringes:	
FICA taxes	\$ 664,644
Pension plan and OPEB expenses	1,519,025
Health and dental expense	1,472,112
Life and disability insurance	98,245
Sick leave	314,685
Holiday pay	343,133
Vacation pay	401,598
Uniform allowance—drivers	49,140
Work clothing and tool allowance, mechanics	52,271
Unemployment tax, state	22,398
Other	97,731
<b>Total fringes</b>	<u>5,034,982</u>
Services:	
Legal fees	59,650
Audit and other outside services	42,424
Office equipment maintenance	7,767
Advertising	293,739
Professional and technical services	618,722
Building, vehicle and facility services	217,553
Security services	11,288
<b>Total services</b>	<u>1,251,143</u>
Insurance, property and liability insurance (including self-insurance)	<u>517,393</u>
Utilities:	
Heat, power and water	331,523
Communications	184,000
<b>Total utilities</b>	<u>515,523</u>

(Continued)

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

**Schedule of Operating Expenses, Excluding Depreciation (Continued)**  
**Supplementary Information**  
**Year Ended June 30, 2020**

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Other:	
Planning expense	\$ 307,927
Dues and subscriptions	43,906
Travel and meetings, staff	26,177
Marketing and advertising	128,634
Training	23,943
Other miscellaneous expenses	66,904
Leases and rentals	<u>27,787</u>
<b>Total other</b>	<u>625,278</u>
<b>Total operating expenses, excluding depreciation</b>	<u><u>\$ 22,357,935</u></u>

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

**Schedule of Project Costs**  
**Supplementary Information**  
**Year Ended June 30, 2020**

Total operating expenses:	
Labor	\$ 7,927,977
Purchased transportation	3,041,532
Materials and supplies consumed	3,444,107
Fringes	5,034,982
Services	1,251,143
Insurance	517,393
Utilities	515,523
Other	625,278
<b>Total operating expenses, excluding depreciation</b>	<b>22,357,935</b>
Depreciation	3,671,064
<b>Total operating expenses</b>	<b>26,028,999</b>
Less exclusions:	
Ineligible expense, depreciation	3,671,064
Contra-expense, interest earned on working capital	(7,855)
Other exclusions, expenses reimbursable by:	
Planning assistance, FTA	1,106,606
Revolving transit funds, Oklahoma	1,150,010
CMAQ operating assistance, FTA	91,930
Operating assistance, FTA	1,741,284
Preventative maintenance assistance, FTA	4,282,463
Lift program assistance, FTA	669,000
Lease assistance, FTA	103,547
<b>Total exclusions</b>	<b>12,808,049</b>
<b>Eligible operating expenses</b>	<b>13,220,950</b>
Less:	
Passenger farebox revenues	1,826,039
Contract services and other	24,139
	<b>1,850,178</b>
<b>Net eligible project cost</b>	<b>11,370,772</b>
Less local share of operating assistance:	
City of Tulsa	9,615,175
Advertising revenues	615,027
Other	415,398
	<b>10,645,600</b>
<b>Net revenues before applying FTA operating funds</b>	<b>\$ 725,172</b>

