TULSA AUTHORITY FOR RECOVERY OF ENERGY

(A Component Unit of the City of Tulsa, Oklahoma)

FINANCIAL REPORT

June 30, 2022 and 2021

Index

Years Ended June 30, 2022 and 2021

Independent Auditor's Report

Board of Trustees
Tulsa Authority for Recovery of Energy

Opinion
We have audited the financial statements of the Tulsa Authority for Recovery of Energy (the Authority), a component unit of the City of Tulsa, Oklahoma, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority 's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority 's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and pension and other postemployment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

RSM US LLP

Kansas City, Missouri
December 20, 2022

As management of the Tulsa Authority for Recovery of Energy (the "Authority"), a component unit of the City of Tulsa, Oklahoma (the "City"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended June 30, 2022 and 2021. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 8. All amounts, unless otherwise indicated, 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 current year by $22,797 (net position). Of this amount, $5,281 is invested in capital assets and $17,516 is unrestricted and may be used to meet the Authority's ongoing obligations. The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows at the close of 2021 by $25,019.

- During 2022, the Authority's net position decreased $2,222 to $22,797. During 2021, the Authority's net position increased $318 to $25,019.

- The Authority's operating revenues increased to $27,641 in 2022 from $27,339 in 2021, a 1.1% increase. In 2021, the Authority's operating revenues increased from $27,171 to $27,339, a 0.6% increase.

Overview of the Financial Statements

The Authority, a legally separate public trust, is reported by the City as a discretely presented component unit in the City's Annual Comprehensive Financial Report. The primary function of the Authority is to provide a system of collection, transportation, and disposal of solid waste within, around, and for the City.

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The 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 the Financial Statements.

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

Net Position

The Authority's net position decreased $2,222 or 8.9%, to $22,797 at June 30, 2022. During 2021, the Authority's net position increased $318 to $25,019. The following table provides a summary of net position.

SUMMARY OF NET POSITION

	2022	2021	2020
Current and other assets	$ 25,365	$ 26,530	$ 25,719
Capital assets, net	5,281	6,173	6,520
Total assets	30,646	32,703	32,239
Deferred outflows of resources	1,038	891	813
Current liabilities	1,985	2,199	1,913
Noncurrent liabilities	6,567	4,612	6,286
Total liabilities	8,552	6,811	8,199
Deferred inflows of resources	335	1,764	152
Investment in capital assets	5,281	6,173	6,520
Unrestricted	17,516	18,846	18,181
Total net position	$ 22,797	$ 25,019	$ 24,701

In 2022, current and other assets decreased $1,165, or 4.4%, primarily due to a decrease in investment income. Capital assets, net of depreciation, decreased over the prior year by $892, or 14.5%. This was the result of a purchase of land, the retirement of certain equipment, and current year depreciation of $1,859. Current liabilities decreased by $214, or 9.7%, because of a decrease in accounts payable.

In 2021, current and other assets increased $811, or 3.2%, primarily due to an increase in the refuse billing receivable at year end. Capital assets net of depreciation decreased over the prior year by $347, or 5.3%. This was a result of an information technology asset being placed into service from Construction in Progress (CIP), the retirement of certain equipment, and current year depreciation of $1,851. Current liabilities increased by 15.0%, or $286, because of an increase in accounts payable and current vested compensated absences.

Noncurrent liabilities increased $1,955 in 2022 from 2021 and decreased $1,674 in 2021 from 2020. Net pension liability increased by $2,006, compensated absences increased by $35, and Other Postemployment Benefits (OPEB) liability decreased by $86 in 2022. The 2021 decrease is primarily a result of a decrease in the pension liability.

SUMMARY OF CHANGES IN NET POSITION

	2022	2021	2020
Operating revenues	$ 27,641	$ 27,339	$ 27,171
Investment income (loss)	(893)	156	569
Interest revenue related to leases	1	-	-
Gain on sale of capital assets	82	40	-
Grant revenue	12	-	-
Total revenues	26,843	27,535	27,740
Depreciation expense	1,859	1,851	1,890
Other operating expense	25,533	23,711	23,515
Nonoperating expense	1,676	1,655	1,673
Total expenses	29,068	27,217	27,078
Income (loss) before contributions	(2,225)	318	662
Capital contributions	3	-	-
Change in net position	(2,222)	318	662
Net position, beginning of year	25,019	24,701	24,039
Net position, end of year	$ 22,797	$ 25,019	$ 24,701

In 2022, revenues decreased $692, or 2.5%, due primarily to a decrease in investment income of $1,049, partially offset by an increase in residential services of $300.

In 2021, revenues decreased $205, or 0.7%, due primarily to an increase in residential services of $244, partially offset by a decrease in investment income of $413.

In 2022, total expenses increased to $29,068. This represents an increase of 6.8% or $1,851, due primarily to an increase in other operating expenses and personal services of $1,022 and $556, respectively. Net position decreased by $1,258.

In 2021, total expenses increased slightly to $27,217. This represents an increase of 0.5% or $139. Net position increased by $318.

Capital Assets

The Authority's investment in capital assets as of June 30, 2022 was $5,281 (net of accumulated depreciation). This investment in capital assets includes construction in progress, land improvements, buildings and equipment. Capital asset acquisitions during the year totaled $968.

CAPITAL ASSETS

	2022	2021	2020
Land	$ 700	$ -	$ -
Construction in progress	-	-	171
Land improvements	495	468	410
Buildings	965	919	827
Equipment	21,504	21,581	20,665
	23,664	22,968	22,073
Less accumulated depreciation	(18,383)	(16,795)	(15,553)
Capital assets, net	$ 5,281	$ 6,173	$ 6,520

Economic Factors and Next Year's Budget and Rates

At the national level, unemployment decreased to 3.6 percent at June 30, 2022. Unemployment in the City of Tulsa was 3.5 percent at the end of fiscal year 2022 compared to 3.9 percent at the end of fiscal year 2021. The Authority continues to have consistent accounts receivable collections.

In setting its 2023 operating budget, the Authority considered many factors which impact the Authority's operations and delivery of services. The 2023 budgeted outlays are expected to increase approximately 18.15 percent, and revenues are expected to decrease 0.24 percent.

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 E. Second Street, Suite 1570, Tulsa, Oklahoma 74103.

TULSA AUTHORITY FOR RECOVERY OF ENERGY
(A Component Unit of the City of Tulsa, Oklahoma)
Statements of Net Position
June 30, 2022 and 2021

(Amounts expressed in thousands)

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 22,118	$ 22,766
Accounts receivable, net	3,096	3,690
Interest receivable	53	74
Current portion of lease receivable	4	-
Total current assets	25,271	26,530
Noncurrent assets:		
Nondepreciable capital assets	700	-
Depreciable capital assets, net	4,581	6,173
Lease receivable	94	-
Total noncurrent assets	5,375	6,173
Total assets	30,646	32,703
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts	994	825
Other postemployment benefits related amounts	44	66
Total deferred outflows of resources	1,038	891
LIABILITIES		
Current liabilities:		
Accounts payable and accrued payroll	1,684	1,918
Compensated absences	301	281
Total current liabilities	1,985	2,199
Noncurrent liabilities:		
Compensated absences	198	163
Net pension liability	6,184	4,178
Total OPEB liability	185	271
Total noncurrent liabilities	6,567	4,612
Total liabilities	8,552	6,811
DEFERRED INFLOWS OF RESOURCES		
Pension related amounts	191	1,737
Other postemployment benefits related amounts	48	27
Leases	96	-
Total deferred inflows of resources	335	1,764
NET POSITION		
Investment in capital assets	5,281	6,173
Unrestricted	17,516	18,846
Total net position	$ 22,797	$ 25,019

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

TULSA AUTHORITY FOR RECOVERY OF ENERGY
(A Component Unit of the City of Tulsa, Oklahoma)
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2022 and 2021

(Amounts expressed in thousands)

	2022	2021
Operating revenues:		
Refuse services	$ 27,639	$ 27,339
Lease income	2	-
Total operating revenues	27,641	27,339
Operating expenses:		
Refuse collection	12,909	12,665
Personal services	5,080	4,524
Other operating expenses	7,544	6,522
Depreciation	1,859	1,851
Total operating expenses	27,392	25,562
Operating income	249	1,777
Nonoperating revenue (expense):		
Investment income (loss)	(893)	156
Interest revenue on lease receivable	1	-
Grant revenue	12	-
Payments in lieu of taxes to primary government	(1,676)	(1,655)
Gain on disposal of assets	82	40
Net nonoperating expense	(2,474)	(1,459)
Income before contributions	(2,225)	318
Capital contributions	3	-
Change in net position	(2,222)	318
Net position, beginning of year	25,019	24,701
Net position, end of year	$ 22,797	$ 25,019

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

TULSA AUTHORITY FOR RECOVERY OF ENERGY
(A Component Unit of the City of Tulsa, Oklahoma)
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

(Amounts expressed in thousands)

	2022	2021
Cash flows from operating activities:		
Received from customers	$ 28,234	$ 26,472
Payments to suppliers for goods and services	(20,698)	(18,911)
Payments to employees for services	(4,767)	(4,654)
Net cash provided by operating activities	2,769	2,907
Cash flows used by noncapital financing activities:		
FEMA grant receipts	12	-
Payments in lieu of taxes to primary government	(1,676)	(1,655)
Net cash used by noncapital financing activities	(1,664)	(1,655)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(968)	(1,608)
Proceeds from sale of capital assets	87	144
Net cash used by capital and related financing activities	(881)	(1,464)
Cash flows from investing activities:		
Interest received (used)	(872)	191
Net change in cash and cash equivalents	(648)	(21)
Cash and cash equivalents, beginning of year	22,766	22,787
Cash and cash equivalents, end of year	$ 22,118	$ 22,766

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

TULSA AUTHORITY FOR RECOVERY OF ENERGY
(A Component Unit of the City of Tulsa, Oklahoma)
Statement of Cash Flows, continued
June 30, 2022 and 2021

(Amounts expressed in thousands)

	2022	2021
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 249	$ 1,777
Adjustments:		
Depreciation	1,859	1,851
Increase (decrease) in receivables	591	(866)
Increase (decrease) in accounts payable and accrued payroll	(234)	266
Increase (decrease) in other postemployment benefits related amounts	(44)	23
Increase (decrease) in compensated absences	56	(12)
Increase (decrease) in pension related amounts	292	(132)
Net cash provided by operating activities	$ 2,769	$ 2,907
Non-cash items		
Capital contributions	$ 3	$ -
Issuance of long-term lease	$ 98	$ -

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 Authority for Recovery of Energy (the "Authority") was created on November 11, 1977, for the benefit of the City of Tulsa (the "City"), to provide for the collection, removal, transportation, and disposal of solid waste within, around, and for the City. Trustees for the Authority include the Mayor of the City and six individuals appointed by the Mayor and confirmed by the City Council. The Authority is included as a discretely presented component unit in the City's Annual Comprehensive Financial Report.

All operating costs, including personnel, are provided by the City and reimbursed by the Authority. For financial reporting purposes, personnel and other operating costs are reported as costs incurred directly by the Authority. Accordingly, the Authority reports these costs in its financial statements and makes appropriate disclosures in the notes to the financial statements. The Authority has no employees. All references to "employees" are references to City employees who perform operation and maintenance work.

BASIS OF ACCOUNTING – 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 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. All amounts are expressed in thousands unless otherwise noted.

The basic 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, liabilities, and deferred outflows and inflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Voluntary nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions. Investment income and voluntary nonexchange transactions are included in nonoperating revenues and expenses.

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

CASH AND CASH EQUIVALENTS – Cash and cash equivalent balances are held within the City's pooled portfolio. The Authority's cash and cash equivalents are recorded at the net asset value of their position in the City's pooled portfolio.

The Authority is allocated interest monthly based on its average daily position in the City's pooled portfolio. Changes in fair value of the City's pooled portfolio are allocated annually based on the Authority's position as of June 30.

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

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

ACCOUNTS RECEIVABLE – This generally consists of amounts receivable from customers within and around the Tulsa metropolitan area for residential municipal waste collection and disposal and commercial municipal solid waste disposal. Refuse services receivables include amounts for services provided but not billed to customers at year end of approximately $1,095 and $1,136 at June 30, 2022 and 2021, respectively.

The Authority recorded an allowance for uncollectible accounts against refuse services receivable of approximately $281 and $129 as of June 30, 2022 and 2021, respectively.

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

CAPITAL ASSETS – Capital assets purchased or acquired at an initial cost of $5 or more and have a useful life of more than 1 year are carried at historical cost. Contributed assets are recorded at acquisition value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets sold or disposed have their cost and related accumulated depreciation removed from the records. Any gain or loss is recorded as nonoperating income in the period of sale or disposal.

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

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

Land Improvements	25 years
Buildings	20-50 years
Equipment	5-20 years

REFUSE COLLECTION – Refuse collection, curbside recycling, and greenwaste collection expenses for residential customers are determined on the basis of average "head count" (i.e., the number of customers) by type of service each month. This procedure is in accordance with the terms and conditions of the contract between the Authority and Northeast Waste Solutions, LLC.

INCOME TAXES – As a political subdivision, the Authority is exempt from federal income taxes under Section 115(1) of the Internal Revenue Code.

COMPENSATED ABSENCES – Vacation and sick leave is granted to all employees. 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 that 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 the employee 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 sick leave consists of unpaid, accumulated annual sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive separation payments and other employees who are expected to become eligible in the future to receive such payments upon separation are included. The amount of unpaid vacation and sick leave is charged to expense during the period earned and is probable of payout, and a corresponding liability is established.

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.

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

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – Postemployment benefits other than pensions (OPEB) 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 benefits constitute compensation for employee services. A liability for OPEB is recognized when earned by employees.

DEFERRED OUTFLOW/INFLOW 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 and OPEB. The Authority also recognized deferred inflows of resources related to its lease activities.

NET POSITION – Net position of the Authority represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of borrowings used to finance the purchase of those assets. Net position is reported as restricted when there are limitations imposed on the assets' 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 assets less liabilities that do not meet the definition of net investment in capital assets or restricted.

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.

RECENT ACCOUNTING PRONOUNCEMENTS ADOPTED – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this statements are effective for reporting periods beginning after December 15, 2021, as postponed by Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Authority adopted the standard as of July 1, 2021. The adoption of this standard increased lease receivables and deferred inflows of resources by $98. The Authority had no leases as of June 30, 2021.

2. CASH DEPOSITS AND CASH EQUIVALENTS

Cash deposits of the Authority are maintained within the City's pooled portfolio. The City's pooled portfolio consists primarily of time deposits and other securities guaranteed by the United States Government or its agencies. At June 30, 2022 and 2021, the Authority maintained balances of $22,118 and $22,766, respectively, in the City's pooled portfolio which represented 1.87% and 2.14%, respectively, of the City's pooled portfolio.

The City's pooled portfolio is collateralized by securities held by the City or its agent in the City's name as of June 30, 2022 and 2021.

Please refer to the City's Annual Comprehensive Financial Report for additional information on the City's pooled portfolio, including required disclosures of risks and fair value measurements. A copy of the City's separately-issued report can be obtained at www.cityoftulsa.org

Notes to Basic Financial Statements, continued (in thousands of dollars)

3. CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2022 and 2021 are summarized as follows:

2022	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**
Nondepreciable capital assets:				
Land	$ -	$ 700	$ -	$ 700
Depreciable capital assets:				
Land improvements	468	27	-	495
Buildings	919	46	-	965
Equipment	21,581	195	272	21,504
	22,968	268	272	22,964
Less accumulated depreciation:				
Land improvements	(58)	(19)	-	(77)
Buildings	(699)	(11)	-	(710)
Equipment	(16,038)	(1,829)	(271)	(17,596)
Total accumulated depreciation	(16,795)	(1,859)	(271)	(18,383)
Depreciable capital assets, net	6,173	(1,591)	1	4,581
Capital assets, net	$ 6,173	$ (891)	$ 1	$ 5,281

2021	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**
Nondepreciable capital assets:				
Construction in progress	$ 171	$ -	$ 171	$ -
Depreciable capital assets:				
Land improvements	410	58	-	468
Buildings	827	92	-	919
Equipment	20,665	1,629	713	21,581
	21,902	1,779	713	22,968
Less accumulated depreciation:				
Land improvements	(41)	(17)	-	(58)
Buildings	(691)	(8)	-	(699)
Equipment	(14,821)	(1,826)	(609)	(16,038)
Total accumulated depreciation	(15,553)	(1,851)	(609)	(16,795)
Depreciable capital assets, net	6,349	(72)	104	6,173
Capital assets, net	$ 6,520	$ (72)	$ 275	$ 6,173

The Authority also has use of land at no cost that belongs to the City.

Notes to Basic Financial Statements, continued (in thousands of dollars)

4. LONG-TERM LIABILITIES

The changes in long-term liabilities for the years ended June 30, 2022 and 2021 are summarized as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
2022:					
Long-term liabilities:					
Vested compensated absences	$ 444	$ 273	$ 218	$ 499	$ 301
Net pension liability	4,178	2,987	981	6,184	-
Total OPEB liability	271	21	107	185	-
Total other long-term liabilities	$ 4,893	$ 3,281	$ 1,306	$ 6,868	$ 301

2021:	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Long-term liabilities:					
Vested compensated absences	$ 455	$ 270	$ 281	$ 444	$ 281
Net pension liability	5,816	-	1,638	4,178	-
Total OPEB liability	276	-	5	271	-
Total other long-term liabilities	$ 6,547	$ 270	$ 1,924	$ 4,893	$ 281

5. PENSION PLAN

Plan Description – 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. The Authority is not defined as an employer in the MERP plan document, but as described in Note 1, payroll and associated costs of City employees performing functions on behalf of the Authority, are reported in the financial statements of the Authority. MERP 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's Annual Comprehensive Financial Report. The report may be obtained by writing to the City of Tulsa, Office of the Controller, 175 E. 2nd Street, Suite 1570, Tulsa, Oklahoma 74103, or online at www.cityoftulsa.org.

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

Contributions – Contributions are set per City ordinance. Employees were required to contribute 6.5 percent of their pensionable wages for the period of July 1, 2020 to December 31, 2020, 7.5 percent for the period of January 1, 2021 to September 24. 2022, then 8 percent thereafter. The Authority was required to contribute 15.5 percent of pensionable wages for the period of July 1, 2020 to December 31, 2020, 16.5 percent for the period of January 1, 2021 to June 30, 2022, and 17.65 percent thereafter. Actual contributions to the pension plan from MERP were $513 and $483 for the years ended June 30, 2022 and 2021, respectively.

Notes to Basic Financial Statements, continued (in thousands of dollars)

5. PENSION PLAN, continued

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

At June 30, 2022, the Authority reported a liability of $6,184 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. Standard update procedures were used to roll forward the total pension liability to June 30, 2022. The liability for June 30, 2021 was $4,178. 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, 2022 and 2021, the Authority's proportion was 2.3007 percent and 2.3102 percent, respectively.

For the year ended June 30, 2022, the Authority recognized pension expense of $805 and for the year ended June 30, 2021, pension expense of $351. At June 30, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2022:	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual plan experience	$ 139	$ 8
Changes of assumptions	416	165
Net difference between projected and actual earnings on pension plan investments	417	-
Changes in proportion and differences between Authority's contributions and proportionate share of contributions	22	18
Total	$ 994	$ 191

2021:	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual plan experience	$ 2	$ 55
Changes of assumptions	789	-
Net difference between projected and actual earnings on pension plan investments	-	1,666
Changes in proportion and differences between Authority's contributions and proportionate share of contributions	34	16
Total	$ 825	$ 1,737

Notes to Basic Financial Statements, continued (in thousands of dollars)

5. PENSION PLAN, continued

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	
2023	$ 293
2024	181
2025	(93)
2026	422
	$ 803

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50 percent
Salary increases	3.50 to 9.50 percent, including inflation.
Investment rate of return	6.75 percent compounded annually, net of investment expense and including inflation

Mortality rates were based on Pub-2010 General Employee Mortality Table, projected with the ultimate rates of scale MP-2021 for the year 2010.

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

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

Notes to Basic Financial Statements, continued (in thousands of dollars)

5. PENSION PLAN, continued

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

Discount Rate – The discount rate used to measure the total pension liability was 6.75 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 participating employers will be made as specified in MERP's funding policy. Beginning January 1, 2021 to June 30, 2022, the employer contribution rate was 16.50 percent of payroll. Beginning July 1, 2022, and all future years, it is assumed that the employer contributions rate will be 17.65 percent of payroll. 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 position liability calculated using the discount rate of 6.75 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate.

2022	**1% Decrease (5.75%)**	**Current Discount Rate (6.75%)**	**1% Increase (7.75%)**
Authority's proportionate share of the net pension liability	$ 8,395	$ 6,184	$ 4,334

2021	**1% Decrease (5.75%)**	**Current Discount Rate (6.75%)**	**1% Increase (7.75%)**
Authority's proportionate share of the net pension liability	$ 6,400	$ 4,178	$ 2,330

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

6. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

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 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, 2022, the Authority reported a liability of $185 for its proportionate share of the OPEB liability. The total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022. Standard update procedures were used to roll forward the total OPEB liability to June 30, 2022. The total OPEB liability for June 30, 2021 was $271. 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, 2022 and 2021, the Authority's proportion was 3.2307 percent and 3.3021 percent, respectively.

For the years ended June 30, 2022 and 2021, the Authority recognized OPEB expense of $34 and $40, respectively. At June 30, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Notes to Basic Financial Statements, continued (in thousands of dollars)

6. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

2022:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual plan experience	$ 29	$ 20
Changes of assumptions	13	20
Changes in proportion and differences between Authority's contributions and proportionate share of contributions	2	8
Total	$ 44	$ 48

2021:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual plan experience	$ 44	$ 20
Changes of assumptions	17	1
Changes in proportion and differences between Authority's contributions and proportionate share of contributions	5	6
Total	$ 66	$ 27

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

Year	
2023	$ 5
2024	1
2025	1
2026	(11)
	$ (4)

Notes to Basic Financial Statements, continued (in thousands of dollars)

6. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation rate	3.0%
Current year healthcare cost trend rate	7.5%
Annual reduction of healthcare cost trend	0.5%
Ultimate annual healthcare cost trend rate	4.5%

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

Mortality rates for retirees were based on SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021. Surviving spouses mortality were based on SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021.

The actuarial assumptions used in the June 30, 2022 valuation were based on the City's 2016 experience study that includes data 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 4.09 and 2.19 percent as of June 30, 2022 and 2021, respectively. The source of the discount rate used was the S&P Municipal Bond 20-Year High Grade Rate Index.

Notes to Basic Financial Statements, continued (in thousands of dollars)

6. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

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 4.09 percent, as well as what the Authority's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09 percent) or 1-percentage-point higher (5.09 percent) than the current rate. The discount rate in 2021 was 2.19 percent.

2022	**1% Decrease (3.09%)**	**Current Discount Rate (4.09%)**	**1% Increase (5.09%)**
Authority's proportionate share of the total OPEB liability	$ 200	$ 185	$ 171

2021	**1% Decrease (1.19%)**	**Current Discount Rate (2.19%)**	**1% Increase (3.19%)**
Authority's proportionate share of the total OPEB liability	$ 293	$ 271	$ 251

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 7.5 percent decreasing to 4.5 percent, as well as what the Authority's proportionate share of the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

2022	**1% Decrease (6.5% decreasing to 3.5%)**	**Current Rate (7.5% decreasing to 4.5%)**	**1% Increase (8.5% decreasing to 5.5%)**
Authority's proportionate share of the total OPEB liability	$ 166	$ 185	$ 206

2021	**1% Decrease (6.5% decreasing to 3.5%)**	**Current Rate (7.5% decreasing to 4.5%)**	**1% Increase (8.5% decreasing to 5.5%)**
Authority's proportionate share of the total OPEB liability	$ 241	$ 271	$ 307

Notes to Basic Financial Statements, continued (in thousands of dollars)

7. 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 premium costs are passed on to the Authority through indirect cost allocation. The Authority is responsible for deductibles relating to specific claims pertaining to the Authority. There have been no significant reductions in insurance coverage during the year and there were no settlement amounts in excess of the insurance coverage in the current year or in the three prior years.

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

8. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2022 and 2021, the Authority conducted the following transactions with related parties:

	2022	2021
Payments in lieu of taxes to City of Tulsa	$ 1,676	$ 1,655
Insurance and indirect cost reimbursement to City of Tulsa	$ 1,029	$ 1,043
Refuse service revenue from City of Tulsa	$ 250	$ 181
Charges paid to City of Tulsa for fuel and equipment maintenance	$ 1,043	$ 887

Notes to Basic Financial Statements, continued (in thousands of dollars)

9. LEASE

Effective July 1, 2021, the Authority adopted GASB No. 87, *Leases*, as discussed in more detail in Note 1. On March 23, 2022, the Authority entered into a lease agreement with Restored Organics LLC. The Authority, as a lessor, leases land under a long-term agreement at market rates with a term of 20 years. The terms of the lease require Restored Organics to pay the Authority annual rent in the amount and manner detailed in the agreement. During the fiscal year, the Authority recognized $2 in lease revenue and $1 in interest income related to this agreement. As of June 30, 2022, the Authority's receivable for lease payments was $98. The Authority also has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. At June 30, 2022, the balance of the deferred inflow of resources was $96. Future rental revenue from this long-term lease is as follows:

	Principal	Interest	Total Amount
Years ending June 30:			
2023	$ 5	$ 2	$ 7
2024	5	2	7
2025	5	2	7
2026	5	2	7
2027	5	2	7
2028-2032	25	8	33
2033-2037	24	5	29
2038-2042	22	2	24
Total	$ 96	$ 25	$ 121

Required Supplementary Information (in thousands of dollars)

Municipal Employees' Retirement Plan
Schedule of Proportionate Share - For the current and prior eight years

Year	Authority's proportion of net pension liability	Authority's proportionate share of net pension liability	Authority's covered payroll	Authority's proportionate share of net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of total pension liability
2022	2.3007%	$ 6,184	$ 3,110	199%	66.62%
2021	2.3102%	4,178	3,017	138%	76.92%
2020	2.2902%	5,816	3,000	194%	65.22%
2019	2.2910%	5,380	2,845	189%	66.91%
2018	2.3229%	4,560	2,774	164%	70.61%
2017	2.3177%	4,579	2,700	170%	69.39%
2016	2.3555%	5,095	2,766	184%	65.62%
2015	2.3682%	2,966	2,454	121%	77.13%
2014	2.2576%	2,522	2,503	101%	79.29%

* Information prior to 2014 is not available.

** Authority's proportionate share of the net pension liability and its covered payroll are for employees whose payroll costs were charged to the Authority.

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, the inflation rate decreased from 3.00% to 2.50%, salary increases changed from a range of 4.00% to 11.75% to a range of 3.50% to 11.25%, and investment rate of return (and discount rate) decreased from 7.50% to 7.00%. In 2021, salary increases changed from a range of 3.50% to 11.25% to a range of 3.50% to 9.50% and investment rate of return (and discount rate) decreased from 7.00% to 6.75%. In 2022, the changes of assumptions consisted of an update of the mortality projection scale and the contingent survivor table.

Municipal Employees' Retirement Plan
Schedule of Employer Contributions - Last ten years

Year	Contractually Required Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2022	$ 513	$ 513	$ -	$ 3,110	16.50%
2021	483	483	-	3,017	16.00%
2020	465	465	-	3,000	15.50%
2019	438	441	(3)	2,845	15.50%
2018	429	432	(3)	2,786	15.50%
2017	322	322	-	2,800	11.50%
2016	312	312	-	2,712	11.50%
2015	296	377	(81)	2,647	14.24%
2014	244	244	-	2,122	11.50%
2013	225	225	-	2,250	10.00%

Required Supplementary Information, continued (in thousands of dollars)

Postemployment Benefits Other than Pensions Plan
Schedule of Proportionate Share - For the current and prior six years

Year	Authority's proportion of Postemployment Benefits Other than Pension Plans	Authority's proportionate share of postemployment benefits other than pension plans	Authority's covered payroll	Authority's proportionate share of postemployment benefits other than pension plans as a percentage of its covered payroll	Plan fiduciary net position as a percentage of total
2022	3.2307%	$ 185	$ 3,627	5.1%	0.00%
2021	3.3021%	271	3,519	7.7%	0.00%
2020	3.3333%	276	3,680	7.5%	0.00%
2019	3.3997%	209	3,658	5.7%	0.00%
2018	3.4233%	216	3,541	6.1%	0.00%
2017	3.1996%	180	3,333	5.4%	0.00%
2016	3.2614%	196	3,267	6.0%	0.00%

* Information prior to 2016 is not available

** Authority’s proportionate share of the OPEB liability and its covered payroll are for employees whose payroll costs were charged to the Authority.

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:

2022	4.09%
2021	2.19%
2020	2.66%
2019	3.51%
2018	3.87%
2017	3.56%
2016	4.00%

Postemployment Benefits Other than Pensions Plan
Schedule of Employer Contributions - Last seven years

Year	Contractually Required Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2022	$ 11	$ 11	$ -	$ 3,627	0.30%
2021	16	16	-	3,519	0.45%
2020	11	11	-	3,680	0.30%
2019	16	16	-	3,658	0.44%
2018	7	7	-	3,541	0.20%
2017	39	39	-	3,333	1.17%
2016	26	26	-	3,267	0.80%

* Information prior to 2016 is not available