

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

FINANCIAL REPORT
June 30, 2017

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

RSM US LLP

Board of Trustees
Tulsa Public Facilities Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund and the aggregate remaining fund information of the Tulsa Public Facilities Authority (Authority), a blended component unit of the City of Tulsa, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Operations of the BOK Center, as managed by SMG, or The Operations of the Cox Business Center, as managed by SMG, an agent operating these facilities as discussed in Note 16 to the financial statements, which are included within the financial statements of the Arena and Convention Center major enterprise fund. This activity represents 13 percent and 76 percent, respectively, of the total assets and total revenues of the Arena and Convention Center major enterprise fund, and 7 percent and 48 percent, respectively, of the total assets and total revenues of the business-type activities. Those statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for The Operations of the BOK Center, as managed by SMG, and The Operations of the Cox Business Center, as managed by SMG, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of the Authority, as of June 30, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

RSM US LLP

Kansas City, Missouri
November 21, 2017

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

As management of the Tulsa Public Facilities Authority (the “Authority”), a blended component unit of the City of Tulsa (the “City”), we offer readers of the Authority’s financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the Authority’s financial statements, which begin on page eight. All dollar amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent year by \$181,864.
- The Authority’s net position decreased to \$181,864 as of June 30, 2017 from \$187,004 as of June 30, 2016.
- The Authority’s liabilities increased by \$113,935 as of June 30, 2017. Revenue bonds payable was the primary driver with an increase of \$111,260.

Overview of the Financial Statements

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

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

Financial Statements

The Authority uses fund accounting in its financial statements to demonstrate compliance with finance related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority has one fund type, proprietary, and reports four enterprise funds. Enterprise funds are used to report functions presented as business-type activities.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

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

Net Position

The Authority's net position decreased to \$181,864 at June 30, 2017, from \$187,004 at June 30, 2016. The following table provides a summary of net position:

SUMMARY OF NET POSITION

	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current assets	\$ 38,382	\$ 35,143	\$ 3,239	9.2%
Capital assets, net	216,826	227,768	(10,942)	(4.8%)
Other assets	136,621	20,008	116,613	582.8%
Total assets	<u>391,829</u>	<u>282,919</u>	<u>108,910</u>	<u>38.5%</u>
Deferred outflow of resources	227	390	(163)	(41.8%)
Current liabilities	17,593	18,487	(894)	(4.8%)
Noncurrent liabilities	192,485	77,657	114,828	147.9%
Total liabilities	<u>210,078</u>	<u>96,144</u>	<u>113,934</u>	<u>118.5%</u>
Deferred inflow of resources	112	161	(49)	(30.4%)
Net investment in capital assets	160,189	169,178	(8,989)	(5.3%)
Restricted	2,566	2,235	331	14.8%
Unrestricted	19,110	15,591	3,519	22.6%
Net position	<u>\$ 181,865</u>	<u>\$ 187,004</u>	<u>\$ (5,139)</u>	<u>(2.7%)</u>

Current assets increased \$3,239 primarily due to an increase in cash of \$1,935, an increase in accounts receivable of \$848, and an increase of advance to related entity of \$347. Capital assets decreased \$10,943 resulting from annual depreciation. Other assets increased \$116,613 primarily as a result of an increase in restricted cash of \$117,751 from proceeds of Capital Improvements Revenue Bonds series 2017. Total liabilities increased \$113,934 primarily due to an increase in revenue bonds payable of \$111,260.

TULSA PUBLIC FACILITIES AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Net Position, continued

SUMMARY OF CHANGES IN NET POSITION

	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating revenues	\$ 26,979	\$ 24,744	\$ 2,235	9.0%
Nonoperating revenues	3,272	3,294	(22)	(0.7%)
Total revenues	<u>30,251</u>	<u>28,038</u>	<u>2,213</u>	<u>7.9%</u>
Operating expenses	31,496	31,031	465	1.5%
Nonoperating expenses	3,894	3,983	(89)	(2.2%)
Total expenses	<u>35,390</u>	<u>35,014</u>	<u>376</u>	<u>1.1%</u>
Change in net position	(5,139)	(6,976)	1,837	26.3%
Net position, beginning of year	<u>187,004</u>	<u>193,980</u>	<u>(6,976)</u>	<u>(3.6%)</u>
Net position, end of year	<u>\$ 181,865</u>	<u>\$ 187,004</u>	<u>\$ (5,139)</u>	<u>(2.7%)</u>

In 2017, the Authority's operating revenues increased \$2,235 or 9.0%, a result of arena facility revenue increasing \$1,071, and a \$924 increase in Advance/loan interest income related to the issuance of the 2017 Capital Improvements Revenue Bonds. Nonoperating revenues decreased \$22, or 0.7%.

Operating expenses increased \$465 or 1.5%. Operating expenses for the Arena and Convention Center increased \$728, primarily from the increase in BOK arena facility revenue. Operating expenses decreased \$831 for One Technology Center, related to a decrease in overall thermal energy costs and the absence of the one time payment related to the Bank of Oklahoma Master lease agreement in 2016. Bond issue costs increased \$704 and operating interest expense increased \$233, related to the new bond issuance. These expenses were offset by a decrease of \$368 in depreciation. Net nonoperating expenses decreased \$89 due to a decrease in interest expense.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Capital Assets

The Authority's investment in capital assets as of June 30, 2017, amounts to \$216,825 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, parking garage, leasehold improvements and artwork.

CAPITAL ASSETS

	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Land	\$ 16,465	\$ 16,465	\$ -	0.0%
Artwork	653	653	-	0.0%
Construction-in-progress	351	73	278	380.8%
Leasehold improvements	50,782	50,767	15	0.0%
Buildings	239,650	239,301	349	0.1%
Parking garage	3,521	3,521	-	0.0%
Equipment	34,737	34,681	56	0.2%
	<u>346,159</u>	<u>345,461</u>	<u>698</u>	<u>0.2%</u>
Less accumulated depreciation	<u>(129,334)</u>	<u>(117,693)</u>	<u>(11,641)</u>	<u>9.9%</u>
Capital assets, net	<u>\$ 216,825</u>	<u>\$227,768</u>	<u>\$ (10,943)</u>	<u>(4.8%)</u>

The overall decrease in capital assets is primarily due to annual depreciation of \$11,729.

Noncurrent Liabilities

At year end, the Authority had debt outstanding of \$190,565. The Authority's debt increased \$111,260 during the year. The increase is the result of the issuance of Capital Improvement Revenue Bonds, Series 2017, issued during the year.

OUTSTANDING DEBT

	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Lease Revenue Bonds, Series 2007A	\$ 34,620	\$ 34,620	\$ -	0.0%
Lease Revenue Bonds, Series 2007B	23,925	23,925	-	0.0%
Capital Improvements Revenue Bonds Refunding, Series 2012	3,975	5,460	(1,485)	(27.2%)
Capital Improvement Revenue Bonds, Series 2008	8,470	9,660	(1,190)	(12.3%)
Capital Improvement Revenue Bonds, Series 2012	4,275	5,640	(1,365)	(24.2%)
Capital Improvement Revenue Bonds, Series 2017	115,300	-	115,300	100.0%
Total revenue bonds	<u>\$ 190,565</u>	<u>\$ 79,305</u>	<u>\$ 111,260</u>	<u>140.3%</u>

TULSA PUBLIC FACILITIES AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority's appointed officials considered many factors when setting the 2018 budget and fees charged for business-type activities. Lease revenues are governed by rates negotiated in long-term leases. Event revenues fluctuate as ticket prices vary by type of event at the arena.

At the national level, unemployment declined to 4.4 percent at the end of fiscal-year 2017. Unemployment in the City of Tulsa was 4.7 percent at the end of fiscal-year compared to 5.4 percent at the end of the last fiscal year. The downturn in the oil and gas industry has affected the local unemployment rate but the Authority has not experienced a decline in collection rates for accounts receivable.

U.S. GDP grew 1.6% in calendar year 2016, and is expected to grow 2.3% in 2017. In Tulsa, GDP in 2016 grew 0.9% to \$52,094 and is expected to grow 3.5% in 2017 due to more stable and higher oil prices than in 2016.

The BOK Arena continues to maintain its status as one of the world's busiest concert arenas ranking 17 out of 100 venues in the United States and 40 out of 100 venues globally for the first half of 2017 and was named 2016 Arena of the Year by the International Entertainment Buyers Association.

Office vacancies in the City of Tulsa increased approximately 6.9% to 14% between July 2016 and June 2017. The commercial real estate leasing environment in Tulsa remained relatively stable over the course of the year because the non-energy parts of Tulsa's industry are faring better, continuing a demand for class A office space.

Requests for Information

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

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF NET POSITION
June 30, 2017

(in thousands of dollars)

	<u>One Technology Center</u>	<u>Arena and Convention</u>	<u>Financing - Capital Improvements Revenue Bond 2017</u>	<u>Other Financing Fund</u>	<u>Business-Type Activities Total</u>
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 5,752	\$ 18,497	\$ -	\$ 9	\$ 24,258
Cash and cash equivalents, restricted	1,200	6,629	294	393	8,516
Interest receivable	17	14	26	4	61
Accounts receivable, net	476	1,758	-	-	2,234
Capital lease receivable	675	-	-	-	675
Advance to related entity	-	-	-	1,082	1,082
Advance to City	-	-	638	-	638
Prepaid expenses	-	584	-	-	584
Inventory	-	334	-	-	334
	<u>8,120</u>	<u>27,816</u>	<u>958</u>	<u>1,488</u>	<u>38,382</u>
Noncurrent assets:					
Cash and cash equivalents, restricted	2,841	58	118,278	31	121,208
Investments, restricted	745	1,562	-	1,066	3,373
Advance to related entity	-	-	-	1,899	1,899
Capital lease receivable	10,141	-	-	-	10,141
Nondepreciable capital assets	3,345	9,624	-	4,500	17,469
Depreciable capital assets, net	34,471	164,885	-	-	199,356
Total Assets	<u>\$ 59,663</u>	<u>\$ 203,945</u>	<u>\$ 119,236</u>	<u>\$ 8,984</u>	<u>\$ 391,828</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Pension related items	<u>\$ 227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227</u>

(Continued)

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF NET POSITION, Continued
June 30, 2017

(in thousands of dollars)

	<u>One Technology Center</u>	<u>Arena and Convention</u>	<u>Financing - Capital Improvements Revenue Bond 2017</u>	<u>Other Financing Fund</u>	<u>Business-Type Activities Total</u>
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable and accrued expenses	\$ 431	\$ 3,444	\$ -	\$ 2	\$ 3,877
Compensated absences	20	-	-	-	20
Unearned revenue	246	3,676	-	-	3,922
Advance ticket sales	-	5,037	-	-	5,037
Accrued bond interest payable	412	129	288	43	872
Current portion of bonds payable	1,575	895	-	1,395	3,865
	<u>2,684</u>	<u>13,181</u>	<u>288</u>	<u>1,440</u>	<u>17,593</u>
Noncurrent liabilities:					
Deposits subject to refunds	8	-	-	-	8
Unearned revenue	-	1,054	-	-	1,054
Revenue bonds payable, net of current portion	60,945	7,575	115,300	2,880	186,700
Unamortized premium	-	-	3,648	157	3,805
Unamortized discount	(106)	-	-	-	(106)
Net pension liability	940	-	-	-	940
Compensated absences	13	-	-	-	13
Other post employment benefits	71	-	-	-	71
	<u>61,871</u>	<u>8,629</u>	<u>118,948</u>	<u>3,037</u>	<u>192,485</u>
Total liabilities	<u>\$ 64,555</u>	<u>\$ 21,810</u>	<u>\$ 119,236</u>	<u>\$ 4,477</u>	<u>\$ 210,078</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Pension related items	<u>\$ 112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112</u>
<u>NET POSITION</u>					
Net investment in capital assets	(11,971)	167,660	-	4,500	160,189
Restricted for:					
Debt service	790	-	-	-	790
Capital projects	1,776	-	-	-	1,776
Unrestricted	4,628	14,475	-	7	19,110
Total net position (deficit)	<u>\$ (4,777)</u>	<u>\$ 182,135</u>	<u>\$ -</u>	<u>\$ 4,507</u>	<u>\$ 181,865</u>

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2017

(in thousands of dollars)

	One Technology Center	Arena and Convention	Financing - Capital Improvements Revenue Bond 2017	Other Financing Fund	Business-Type Activities Total
Operating revenues:					
Lease revenue	\$ 8,202	\$ -	\$ -	\$ 9	\$ 8,211
Facilities revenue	-	14,592	-	-	14,592
Sponsorship and naming rights revenue	-	2,080	-	-	2,080
Parking facilities revenue	840	-	-	-	840
Investment income	-	-	26	5	31
Advance/loan interest income	-	-	932	99	1,031
Other	112	82	-	-	194
	<u>9,154</u>	<u>16,754</u>	<u>958</u>	<u>113</u>	<u>26,979</u>
Operating expenses:					
Personal services	847	-	-	-	847
Materials and supplies	144	573	-	-	717
Facility operator services	-	7,271	-	-	7,271
Services and charges	3,581	6,288	-	2	9,871
Bond issue costs	-	-	704	-	704
Interest and amortization expense	-	-	254	104	358
Depreciation	1,229	10,499	-	-	11,728
	<u>5,801</u>	<u>24,631</u>	<u>958</u>	<u>106</u>	<u>31,496</u>
Operating income (loss)	<u>3,353</u>	<u>(7,877)</u>	<u>-</u>	<u>7</u>	<u>(4,517)</u>
Nonoperating revenues (expenses):					
Investment income	560	8	-	-	568
Interest and amortization expense	(3,326)	(568)	-	-	(3,894)
Operating subsidy from the City	-	2,540	-	-	2,540
Capital contributions from the City	164	-	-	-	164
	<u>(2,602)</u>	<u>1,980</u>	<u>-</u>	<u>-</u>	<u>(622)</u>
Change in net position	751	(5,897)	-	7	(5,139)
Net position (deficit), beginning of year	(5,528)	188,032	-	4,500	187,004
Net position (deficit), end of year	<u>\$ (4,777)</u>	<u>\$ 182,135</u>	<u>\$ -</u>	<u>\$ 4,507</u>	<u>\$ 181,865</u>

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF CASH FLOWS
Year Ended June 30, 2017

(in thousands of dollars)

	<u>One Technology Center</u>	<u>Arena and Convention</u>	<u>Financing - Capital Improvements Revenue Bond 2017</u>	<u>Other Financing Fund</u>	<u>Business-Typ Activities Total</u>
Cash flows from operating activities:					
Interest paid on revenue bonds	\$ -	\$ -	\$ -	\$ (228)	\$ (228)
Receipts from customers	9,240	13,911	-	10	23,161
Investment income	-	-	-	16	16
Payments to suppliers for goods and services	(3,750)	(13,265)	-	(1)	(17,016)
Payments for employment services	(838)	-	-	-	(838)
Payments for bond issuance costs	-	-	(704)	-	(704)
Payments on advance to related entity	-	-	-	1,571	1,571
Payments from the City	-	-	294	-	294
Principal paid on long-term debt	-	-	-	(1,365)	(1,365)
	<u>4,652</u>	<u>646</u>	<u>(410)</u>	<u>3</u>	<u>4,891</u>
Cash flows from noncapital financing activities:					
Operating subsidy from the City	-	2,540	-	-	2,540
Proceeds from issuance of revenue bonds	-	-	115,300	-	115,300
Proceeds from revenue bond premium	-	-	3,682	-	3,682
	<u>-</u>	<u>2,540</u>	<u>118,982</u>	<u>-</u>	<u>121,522</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(164)	(623)	-	-	(787)
Capital contributions from the City	164	-	-	-	164
Principal paid on revenue bonds	(1,485)	(1,190)	-	-	(2,675)
Interest paid on revenue bonds	(3,321)	(586)	-	-	(3,907)
Payments received for capital lease transaction	1,200	-	-	-	1,200
	<u>(3,606)</u>	<u>(2,399)</u>	<u>-</u>	<u>-</u>	<u>(6,005)</u>

(Continued)

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF CASH FLOWS, Continued
Year Ended June 30, 2017

(in thousands of dollars)

	One Technology Center	Arena and Convention	Financing - Capital Improvements Revenue Bond 2017	Other Financing Fund	Business-Type Activities Total
Cash flows from investing activities:					
Investment income	\$ 3	\$ 24	\$ -	\$ -	\$ 27
Purchase of investments	(749)	-	-	-	(749)
Net cash provided (used) by investing activities	(746)	24	-	-	(722)
Net change in cash and cash equivalents	300	811	118,572	3	119,686
Cash and cash equivalents, beginning of year	9,493	24,373	-	430	34,296
Cash and cash equivalents, end of year	\$ 9,793	\$ 25,184	\$ 118,572	\$ 433	\$ 153,982
Reconciliation of cash and cash equivalents to the Statement of Net Position					
Unrestricted cash and cash equivalents	\$ 5,752	\$ 18,497	\$ -	\$ 9	\$ 24,258
Current restricted cash and cash equivalents	1,200	6,629	294	393	8,516
Noncurrent restricted cash and cash equivalents	2,841	58	118,278	31	121,208
Total cash and cash equivalents	\$ 9,793	\$ 25,184	\$ 118,572	\$ 433	\$ 153,982
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 3,353	\$ (7,877)	\$ -	\$ 7	\$ (4,517)
Adjustments:					
Depreciation	1,229	10,499	-	-	11,728
Change in accounts receivable and other assets	(25)	(868)	-	-	(893)
Change in deferred outflows of resources	162	-	-	-	162
Change in accounts payable and other liabilities	(61)	911	-	2	852
Change in net pension liability	(68)	-	-	-	(68)
Change in deferred inflows of resources	(49)	-	-	-	(49)
Change in deferred revenue	111	(2,019)	-	-	(1,908)
Change in financing assets	-	-	(26)	12	(14)
Change in financing liabilities	-	-	254	(1,489)	(1,235)
Change in operational financing activities	-	-	(638)	1,471	833
Net cash provided by operating activities	\$ 4,652	\$ 646	\$ (410)	\$ 3	\$ 4,891
Noncash investing activities:					
Depreciation of fair value of investments	\$ (5)	\$ (17)	\$ -	\$ (11)	\$ (33)

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)
June 30, 2017

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

NATURE OF BUSINESS AND REPORTING ENTITY - The Tulsa Public Facilities Authority (the "Authority") is a public trust created on March 10, 1981, as the Tulsa Civic Center Authority. On March 12, 1982, the Authority amended its Trust Indenture to change its name to the Tulsa Public Facilities Authority and expand its purposes to promote the acquisition, construction, and operation of various facilities and public improvements in and for the City of Tulsa, Oklahoma (the "City"). The Authority serves as a financing authority for the City as well as an enterprise authority for the operation of the One Technology Center ("OTC"), and the BOK Arena and Cox Business Center facilities.

The OTC was acquired to consolidate City operations previously located in several locations in or near the central business district in downtown Tulsa and contains approximately 630,000 square feet of commercial office space. Approximately 153,000 square feet of the space is leased under a capital lease to a tenant. Of the remaining 477,000 square feet of space, 286,000 square feet is leased by the City and the remaining is available for leasing to private businesses.

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

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

The Authority is included in the City's comprehensive annual financial report ("CAFR") as a blended component unit. The five trustees of the Authority are the Mayor and four individuals appointed by the Mayor and confirmed by the City Council. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its primary purposes are to issue revenue bonds to finance major capital improvements and manage certain properties on behalf of the City. The Capital Improvements Revenue Bond 2017 Fund is reported by the City as a capital projects fund because it issued debt to finance governmental capital projects. Other financing activities of the Authority are included as an internal service fund and enterprise activities are included as enterprise funds.

BASIS OF ACCOUNTING - The financial statements of the Authority are prepared in accordance with generally accepted accounting principles ("GAAP") as applied to business type activities of government 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.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)
June 30, 2017

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

The Authority reports the following major enterprise funds:

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

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

Financing - Capital Improvements Revenue Bond 2017 fund issues revenue bonds, proceeds which are loaned to the City for the purpose of funding capital projects. The City will transfer to the Authority sales and use tax proceeds to fund debt service.

The Authority reports the following nonmajor fund:

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

CASH AND CASH EQUIVALENTS – Cash and cash equivalents reported on the statement of net position include both the amounts deposited within the City’s pooled portfolio and other cash and cash equivalents.

The Authority’s cash and cash equivalents included in the City’s pooled portfolio are recorded at the net asset value of their position in the City’s pooled portfolio. The Authority is allocated interest monthly based on 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 any 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.

INVESTMENTS –The Authority invests available funds in accordance with the bond indentures and/or state statutes, authorized investments consist of obligations of the U.S. Treasury and federal agencies and instrumentalities. The investments of the Authority are reported at fair value.

TULSA PUBLIC FACILITIES AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)
June 30, 2017

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

FAIR VALUE MEASUREMENTS – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market based measurement, not an entity specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The Authority categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

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

Level 2 input – Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 input – Inputs that are unobservable for the asset or liability which are typically based upon the Authority’s own assumptions as there is little, if any, related market activity.

Hierarchy – The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Inputs – If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

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

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

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

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)
June 30, 2017

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

CAPITAL ASSETS - Capital assets purchased or acquired are carried at historical cost. Interest incurred during the construction phase of capital assets of enterprise activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized during the year ended June 30, 2017.

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

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

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

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

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

ADVANCE TICKET SALES – A liability is recorded for advance ticket sales to be paid to the promoter at the end of an event. These funds are deposited in an escrow account until the event occurs.

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

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)
June 30, 2017

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

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

OTHER POSTEMPLOYMENT BENEFITS – Postemployment benefits are part of an exchange of salaries and benefits for employee services rendered. Of the total benefits offered by employers to attract and retain qualified employees, some benefits, including salaries and active-employee healthcare, are taken while the employees are in active service, whereas other benefits, including postemployment healthcare, are taken after the employees’ services have ended. Nevertheless, the benefit constitutes compensation for employee services. The Authority accounts for other postemployment benefit costs on an accrual basis, charging expenses in the period incurred, with a corresponding liability for benefits to be paid in future periods.

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

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)
June 30, 2017

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

NET POSITION – Net position of the Authority represents the difference between assets and liabilities and deferred inflows/outflows. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Outstanding balances of borrowings are net of unspent bond proceeds, including bond reserve funds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or, laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Authority first applies restricted resources. Unrestricted net position is the difference between assets, liabilities and deferred inflow/outflows of resources that do not meet the definition of net investment in capital assets or restricted.

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

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

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

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

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)
June 30, 2017

2. CASH DEPOSITS AND INVESTMENTS

CASH AND CASH EQUIVALENTS – Cash deposits of the Authority are held within the City’s pooled portfolio. The City’s pooled portfolio consists primarily of time deposits and other securities guaranteed by the United States Government or its agencies. At June 30, 2017 the Authority maintained a balance of \$6,703 in the City’s pooled portfolio which represented .83% of the City’s pooled portfolio.

As of June 30, 2017, the Authority has \$24,183 of cash and cash equivalents held with the operator of the BOK Arena.

The City’s pooled portfolio is collateralized by securities held by the City or its agent in the City’s name as June 30, 2017.

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

INVESTMENTS – At June 30, 2017, the Authority had the following investments:

Investment Type	Fair Value	Maturities in Years		Moody's	S& P	Fair Value Measurement
		Less than 1	1-5			
Federal Home Loan Bank Securities	\$ 2,628	\$ 2,628	\$ -	Aaa	AA+	Level 2
U.S. Treasury Securities	745	-	745	-	-	Level 1
	<u>\$ 3,373</u>	<u>\$ 2,628</u>	<u>\$ 745</u>			

In addition, the Authority has money market accounts of \$123,096 as of June 30, 2017 which are reported as cash equivalents on the statement of net position.

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

The Authority’s investment policy is established by bond indentures that provide for maturity of investments as bonds become due.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority’s bond indentures dictate the types of investments that can be purchased thereby reducing credit risk.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
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June 30, 2017

2. CASH DEPOSITS AND INVESTMENTS, continued

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

The Authority’s policy for custodial credit risk requires compliance with provisions of state law and demand deposits be collateralized by at least 110% of the amount not federally insured. The Authority’s deposits held with the operator of the BOK Arena and Cox Business Center are collateralized with a letter of credit from Federal Home Loan Bank. All safekeeping receipts for investment instruments are held in accounts in the Authority’s name and all securities are registered in the Authority’s name. Therefore, at June 30, 2017 none of the Authority’s deposits and money market accounts of \$147,279 and \$3,373 of investments was exposed to custodial credit risk.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested in any one issuer. At June 30, 2017, the Authority’s investments in Federal Home Loan Bank constituted approximately 78% of its total investments. The Authority’s investments in U.S. Treasury Securities are not subject to concentration of credit risk disclosure.

INVESTMENT INCOME – Investment income for the year ended June 30, 2017, consisted of:

INVESTMENT INCOME:	
Interest and dividend income	\$ 719
Advance/loan interest income	1,031
Net decrease in fair value of investments and cash equivalents	<u>(120)</u>
	<u>1,630</u>

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)
June 30, 2017

3. ACCOUNTS RECEIVABLE

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

	<u>OTC</u>	<u>Arena</u>	<u>Total</u>
Accounts receivable:			
Lease revenue	\$ 377	\$ -	\$ 377
Parking facility revenue	64	-	64
Event revenue	-	1,259	1,259
Sponsorship revenue	-	554	554
Miscellaneous revenue	35	-	35
Total	<u>476</u>	<u>1,813</u>	<u>2,289</u>
Less: Allowance for doubtful accounts	<u>-</u>	<u>(55)</u>	<u>(55)</u>
Accounts Receivable, net	<u>\$ 476</u>	<u>\$ 1,758</u>	<u>\$ 2,234</u>

4. ADVANCES TO THE CITY AND RELATED ENTITY

FINANCING FUND – CAPITAL IMPROVEMENTS REVENUE BONDS 2017 – In June 2017, the Authority issued its \$115,300 Series 2017 Capital Improvements Revenue Bonds. The proceeds of the bonds will be loaned to the City to advance fund economic development projects in the City of Tulsa, including Arkansas River development. The bonds carry an interest rate of 3%, mature over a period of fifteen years ending June 1, 2032, and have annual debt service requirements ranging from \$3,459 to \$10,774. The Authority has an advance to the City of \$638 at June 30, 2017 relating to this agreement. The City will repay the advance with sales and use tax collections to be used by the Authority for principal and interest payments on the outstanding bonds.

OTHER FINANCING FUND – In April 2012, the Authority issued its \$10,900 Series 2012 Capital Improvements Revenue Bonds. The proceeds of the bonds were loaned to the Tulsa Authority for Recovery of Energy (TARE), a component unit of the City, to fund the acquisition of trash carts and fund the Bond Reserve Fund. TARE receives revenues for the collection of residential solid waste which will provide funds to pay the debt service on the bonds. The Authority has an advance to TARE (related entity) of \$2,981 at June 30, 2017 relating to this financing agreement.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
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5. CAPITAL LEASE RECEIVABLE

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

Minimum future rentals on noncancellable capital leases as of June 30, 2017 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Subtotal</u>	<u>Operating Costs</u>	<u>Total</u>
2018	\$ 675	\$ 525	\$ 1,200	\$ 1,007	\$ 2,207
2019	710	490	1,200	1,007	2,207
2020	746	454	1,200	1,007	2,207
2021	784	416	1,200	1,007	2,207
2022	824	376	1,200	1,007	2,207
2023-2027	4,797	1,203	6,000	5,035	11,035
2028-2029	2,280	120	2,400	2,014	4,414
	<u>\$ 10,816</u>	<u>\$ 3,584</u>	<u>\$ 14,400</u>	<u>\$ 12,084</u>	<u>\$ 26,484</u>

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)
June 30, 2017

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 16,465	\$ -	\$ -	\$ 16,465
Artwork	653	-	-	653
Construction in progress	73	278	-	351
Total capital assets not being depreciated	<u>17,191</u>	<u>278</u>	<u>-</u>	<u>17,469</u>
Capital assets, being depreciated:				
Leasehold improvements	50,767	15	-	50,782
Buildings	239,301	349	-	239,650
Parking garage	3,521	-	-	3,521
Equipment	34,681	143	(87)	34,737
Total capital assets being depreciated	<u>328,270</u>	<u>507</u>	<u>(87)</u>	<u>328,690</u>
Less accumulated depreciation:				
Leasehold improvements	(14,290)	(2,031)	-	(16,321)
Buildings	(75,858)	(6,767)	-	(82,625)
Parking garage	(1,036)	(117)	-	(1,153)
Equipment	(26,509)	(2,813)	87	(29,235)
Total accumulated depreciation	<u>(117,693)</u>	<u>(11,728)</u>	<u>87</u>	<u>(129,334)</u>
Total capital assets being depreciated, net	<u>210,577</u>	<u>(11,221)</u>	<u>-</u>	<u>199,356</u>
Capital assets, net	<u>\$ 227,768</u>	<u>\$ (10,943)</u>	<u>\$ -</u>	<u>\$ 216,825</u>

7. PENSION PLAN

Plan Description – Employees of the Authority are provided with pensions through MERP-a cost-sharing multiple-employer defined benefit pension plan administered by the City. MERP provides retirement, disability and death benefits which are established by City ordinance to plan members and beneficiaries. MERP’s financial statements and required supplementary information are included in the City of Tulsa’s Comprehensive Annual Financial Report (CAFR). The report may be obtained by writing to the City of Tulsa Controller, 175 E. 2nd Street, Tulsa, Oklahoma 74103.

TULSA PUBLIC FACILITIES AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)
June 30, 2017

7. PENSION PLAN, continued

Benefits Provided – MERP provides retirement, disability, and death benefits. Retirement benefits are determined based on the employee’s highest 30 months of pensionable wages during the last five years of service and a multiplier based on the years of service. Employees are eligible for full retirement at age 65 and at least 5 years of service or when the years of service plus the employee’s age equals or exceeds 80. Reduced benefits are available after age 55 and 5 years of service (Early Retirement). Benefits for Early retirement are reduced 2.5 percent per year prior to age 65. Five years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as normal retirement. 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 year ended June 30, 2017. The Authority was required to contribute 11.5 percent of pensionable wages for the year ended June 30, 2017. Actual contributions to the pension plan from the Authority were \$66 for the year ended June 30, 2017.

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

At June 30, 2017, the Authority reported a liability of \$940 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. Standard update procedures were used to roll forward the total pension liability to June 30, 2017. 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, 2017, the Authority’s proportion was .4758 percent, which was an increase of .0096 from its proportion measured as of June 30, 2016.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)
June 30, 2017

7. PENSION PLAN, continued

For the year ended June 30, 2017, the Authority recognized pension expense of \$110. At June 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual plan experience	\$ 7	\$ (41)
Changes of assumptions	160	(71)
Net difference between projected and actual earnings on pension plan investments	9	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	51	-
Total	<u>\$ 227</u>	<u>\$ (112)</u>

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

Year ended June 30:	
2018	\$ 3
2019	97
2020	36
2021	(21)
	<u>\$ 115</u>

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)
June 30, 2017

7. PENSION PLAN, continued

Actuarial assumptions – The total pension liability was determined by an actuarial valuation as January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	4.00 to 11.75 percent, including inflation.
Investment rate of return	7.5 percent compounded annually, net of investment expense and including inflation

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

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	24%	1.16%
Domestic equity	36%	6.19%
International equity	24%	6.59%
Real estate	8%	4.24%
Commodities	3%	0.40%
Timber	4%	3.75%
Cash	1%	0.11%
Total	<u>100%</u>	

TULSA PUBLIC FACILITIES AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)
June 30, 2017

7. PENSION PLAN, continued

Discount Rate – The discount rate used to measure the total pension liability was 7.5 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 July 1, 2017, and all future years, it is assumed that the employer contribution rate will increase to 15.50 percent 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 7.5 percent, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Authority’s proportionate share of the net pension liability	\$ 1,300	\$ 940	\$ 638

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.

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Authority provides postemployment health care benefits for retired employees and their dependents through participation in the City of Tulsa Postretirement Medical Plan (the “Plan”), a multiple-employer cost-sharing defined benefit health care plan. The benefits, coverage levels, employee contributions, and employer contributions are governed by the City through its personnel and union contracts and are funded on a pay-as-you-go basis.

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

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8. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

The actuarial valuation of liabilities under the plan is calculated using the entry age normal cost method as of the July 1, 2017, 2016 and 2015 actuarial valuations. This method requires the calculation of an unfunded actuarially accrued liability, which was approximately \$6,063, \$9,713 and \$12,180 for the City as of June 30, 2017, 2016, and 2015, respectively. The Authority's portion of the unfunded actuarially accrued liability is not separately determined.

The City's and the Authority's OPEB information is presented below:

Annual OPEB Cost Information - City				
Year	Actuarially Required Contributions	Employer Contributions	Percent Contributed	Authority's OPEB Obligation
2017	\$ 585	\$ 1,234	211%	\$ 71
2016	977	796	81%	78
2015	1,207	618	51%	69

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

9. UNEARNED REVENUE

The Authority had the following unearned revenues at June 30, 2017:

DEFERRED REVENUE:

	Total	Current	Noncurrent
Arena and Convention event deposits	\$ 246	\$ 246	\$ -
Arena and Convention - naming rights, club sales, advertising, and sponsorships	4,484	3,430	1,054
One Technology Center - lease revenues	246	246	-
	\$ 4,976	\$ 3,922	\$ 1,054

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10. REVENUE BONDS PAYABLE

Revenue bonds payable activity for the year ended June 30, 2017 is as follows:

Bond, Series, Maturity Dates	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
One Technology Center:							
Lease Revenue							
Series 2007A, 2037	\$ 34,620	4.625%-5.25%	\$ 34,620	\$ -	\$ -	\$ 34,620	\$ -
Lease Revenue,							
Series 2007B, 2029	33,130	6.30%-6.60%	23,925	-	-	23,925	-
Capital Improvements Revenue							
Refunding Series 2012, 2019	9,480	1.25%	5,460	-	(1,485)	3,975	1,575
			<u>64,005</u>	<u>-</u>	<u>(1,485)</u>	<u>62,520</u>	<u>1,575</u>
Arena and Convention:							
Capital Improvements,							
Series 2008, 2027	16,000	6.07%	9,660	-	(1,190)	8,470	895
Financing- Capital Improvements Revenue Bond 2017:							
Capital Improvements,							
Series 2017, 2032	115,300	3.00%	-	115,300	-	115,300	-
Financing- Other:							
Capital Improvements,							
Series 2012, 2020	10,900	3.00%-4.00%	5,640	-	(1,365)	4,275	1,395
Unamortized premiums			268	3,682	(145)	3,805	-
Unamortized discounts			(113)	-	7	(106)	-
			<u>\$ 79,460</u>	<u>\$ 118,982</u>	<u>\$ (4,178)</u>	<u>\$194,264</u>	<u>\$ 3,865</u>

	Principal	Interest	Total
2018	\$ 3,865	\$ 7,446	\$ 11,311
2019	11,625	7,311	18,936
2020	11,180	6,927	18,107
2021	10,025	6,490	16,515
2022	10,370	6,097	16,467
2023-2027	55,845	24,238	80,083
2028-2032	62,305	12,743	75,048
2033-2037	20,570	3,932	24,502
2038	4,780	114	4,894
	<u>\$ 190,565</u>	<u>\$ 75,298</u>	<u>\$ 265,863</u>

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11. OTHER LONG-TERM LIABILITIES

The changes in long-term liabilities for the year ended June 30, 2017 are summarized as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>	<u>Due within</u> <u>One Year</u>
Other long-term liabilities:					
Vested compensated absences	\$ 33	\$ 45	\$ 45	\$ 33	\$ 20
Net pension liability	1,008	309	377	940	-
Other postemployment benefits	78	-	7	71	-
Total other long-term liabilities	<u>\$ 1,119</u>	<u>\$ 354</u>	<u>\$ 429</u>	<u>\$ 1,044</u>	<u>\$ 20</u>

12. PLEDGED REVENUE

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

Total principal and interest remaining on the debt is \$103,703 with annual requirements ranging from \$4,840 to \$5,677 through 2038. Annual debt service required 59% of gross revenues. Principal and interest paid amounted to \$4,806. Current year lease revenue totaled \$8,202.

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

Total principal and interest remaining on the debt is \$11,371 with annual requirements ranging from \$674 to \$1,771 through 2027. Annual debt service required 85% of sponsorship and naming right revenues which are pledged towards the debt under the indenture. The Authority paid \$1,776 in principal and interest during the year. Sponsorship and naming rights revenue, from which the appropriations will be made, was \$2,080 for the current year.

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12. PLEDGED REVENUE, continued

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

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

Total principal and interest remaining on the debt is \$4,621 with annual debt service requirements ranging from \$1,518 to \$1,567 through 2020. Annual debt service required 6% of TARE refuse revenue, which is the pledged revenue towards the debt per the bond indenture. Principal and interest paid during the year amounted to \$1,591. Solid waste collection and disposal revenue recorded by TARE was \$27,141.

CAPITAL IMPROVEMENTS SERIES 2017- In June 2017, the Authority issued \$115,300 Series 2017 Capital Improvements Revenue Bonds. The proceeds of the bonds will be loaned to the City to advance fund certain capital projects and to pay the costs of issuing the bonds.

The Authority entered into a projects agreement with the City. The projects agreement provides financing for certain capital projects and the City will repay the advance with sales and use tax.

Total principal and interest remaining on the debt is \$146,168 with annual debt service requirements ranging from \$3,459 to \$10,774 through 2032. Principal and interest paid during the year amounted to \$0. Sales and use tax revenue recorded by the City during fiscal year 2017 was \$10,066.

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13. OPERATING LEASE REVENUE

ONE TECHNOLOGY CENTER LEASES - Commercial property lease revenues arise from the leasing of the Authority's commercial lease space at the OTC facility. Lease terms range from approximately one to five years. Approximately 55% of the net rentable space is available to external tenants. At year end, the building was approximately 96% occupied. Depreciation expense for leased property is provided primarily on the straight-line method over the estimated useful life of the leased property. Depreciation expense related to the OTC facility was \$1,229 for the current year.

The gross amounts of capital assets subject to lease as of June 30, 2017 are as follows:

Building	\$	38,309
Parking garage		3,521
Land		3,164
Equipment		5,784
Construction in Progress		181
Accumulated depreciation		<u>(13,143)</u>
Net investment in commercial property leases	<u>\$</u>	<u>37,816</u>

Minimum future rentals on noncancellable operating leases as of June 30, 2017 are as follows:

<u>Year</u>		
2018	\$	2,366
2019		2,063
2020		<u>1,210</u>
	<u>\$</u>	<u>5,639</u>

The Authority leases approximately 45% of the OTC facility space to the City through an annual contract. The lease provides the City the option to extend the lease until the related OTC facility revenue bonds are paid.

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NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)
June 30, 2017

14. BOK ARENA NAMING RIGHTS AND SPONSORSHIP AGREEMENTS

The Authority had \$12,670 in naming rights and sponsorships agreements outstanding at June 30, 2017. During the year, the Authority recognized \$2,080 in naming rights and sponsorship revenue. Any amounts received but not earned are reflected as unearned revenue on the statement of net position.

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

<u>Years</u>	<u>Future Earnings</u>
2018	\$ 2,149
2019	1,501
2020	1,386
2021	1,386
2022	1,386
2023-2027	4,386
2028-2029	476
	<u>\$ 12,670</u>

15. FACILITIES REVENUE

The Authority has entered into various agreements for the use of luxury boxes and club seats through 2019. During the year, the Authority recognized \$2,765 in luxury boxes and \$1,047 in club seats, which is included in facility revenue. Any amounts received but not earned are reflected as unearned revenue on the statement of net position.

16. OPERATING AGREEMENTS

COX BUSINESS CENTER AND BOK CENTER LEASE AND PROJECT AGREEMENTS-The Authority has leased the Cox Business Center and BOK Center (the Facilities) from the City for 25 years, ending June 30, 2032 or such longer period as any indebtedness issued in connection with the Facilities is outstanding. The lease assists the Authority in making financing arrangements that benefit improvements at the Facilities. The Authority has also entered into a project agreement that makes available proceeds of the Hotel/Motel Tax necessary to pay principal and interest on certain Facility bonds and to operate and maintain the Facilities. During the year the Authority received \$2,540 from the City's Hotel/Motel taxes to operate and maintain the Facilities.

TULSA PUBLIC FACILITIES AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)
June 30, 2017

16. OPERATING AGREEMENTS, continued

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

Under the agreement, for the year ended June 30, 2017, SMG earned an annual base management fee of \$142 for the Cox Business Center and \$142 for the BOK Arena. SMG can also earn an annual incentive fee based on the operating results of both facilities compared to certain operating thresholds, as defined in the agreements. The operating thresholds, as defined in the agreements are gross revenue, attendance and net operating profits. If the benchmark is met for a threshold, SMG may receive an incentive fee equal to 33 1/3% of the management fee. The incentive fee may not exceed the management fee for the year. SMG earned \$142 of incentive fee for the BOK Arena and \$114 for the Cox Business Center for the year ended June 30, 2017.

17. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions and natural disasters. The City purchases commercial insurance for general liability and property damage as well as employee health and dental. The Authority is included in the City's insurance policies and would be responsible for deductibles relating to specific claims pertaining to the Authority. There have been no significant reductions in insurance coverage during the year and there were no settlement amounts in excess of the insurance coverage in the current year or in the three prior years.

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

18. GENERAL LITIGATION

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

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (in thousands of dollars)
June 30, 2017

19. RELATED PARTY TRANSACTIONS

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

Capital contributions from the City of Tulsa for capital improvements	<u>\$ 164</u>
Operating subsidy from the City of Tulsa for the Cox Business Center	<u>\$ 2,540</u>
Lease revenue from the City of Tulsa for leased space in OTC	<u>\$ 5,138</u>
Payments by TARE on advance receivable	<u>\$ 1,571</u>
Payments on the advance to the City - TPFA Series 2017	<u>\$ 294</u>
Payments on behalf of City of Tulsa for bond financing included in advance	<u>\$ 704</u>

20. SUBSEQUENT EVENT

On August 24, 2017, the Authority issued the Series 2017A and 2017B Revenue Bonds in the amount of \$34,185 and \$25,465, respectively. The 2017A bonds mature in 2037 and require annual principal payments and semiannual interest payments at a rate of 3%-4%. The 2017B bonds mature in 2028 and require annual principal payments and semiannual interest payments at a rate of 3%-3.1%. Proceeds were used to refund the Series 2007A note in the amount of \$34,620 and the Series 2007B note in the amount of \$23,925.

21. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective for the Authority beginning with its year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by government for defined benefit OPEB plans administered through a trust, cost-sharing OPEB plans administered through a trust and OPEB not provided through a trust. This Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities.

GASB Statement No. 87, *Leases*, will be effective for the Authority beginning with its year ending June 30, 2021. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 has the potential to have a significant impact on the Authority's financial statements.

TULSA PUBLIC FACILITIES AUTHORITY
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REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

(in thousands of dollars)

Municipal Employees' Retirement Plan
Schedule of Proportionate Share – For the current and prior three years

Year	Authority's proportion of net pension liability	Authority's proportionate share of net pension liability	Authority's covered-employee payroll	Authority's proportionate share of net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of total pension liability
2017	0.4758%	\$ 940	\$ 574	164%	69.4%
2016	0.4662%	1,008	547	184%	65.6%
2015	0.4452%	558	491	114%	77.1%
2014	0.4212%	471	461	102%	79.3%

* Prior year information is not available.

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%.

Municipal Employees' Retirement Plan
Schedule of Employer Contributions – Last six years

Year	Contractually Required Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2017	\$ 66	\$ 66	-	\$ 574	11.5%
2016	63	63	-	547	11.5%
2015	56	56	-	485	11.5%
2014	46	68	(22)	461	14.8%
2013	45	47	(2)	451	10.4%
2012	34	34	-	365	9.3%

* Prior year information is not available.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
COMBINING SCHEDULE OF NET POSITION – OTHER FINANCING FUND
June 30, 2017

(in thousands of dollars)	Capital Improvements Revenue Bond 2012	Capital Improvements Revenue Bond	Other Financing Fund Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ -	\$ 9	\$ 9
Cash and cash equivalents, restricted	393	-	393
Interest receivable	4	-	4
Advance to related entity	1,082	-	1,082
	<u>1,479</u>	<u>9</u>	<u>1,488</u>
Noncurrent assets:			
Cash and cash equivalents, restricted	31	-	31
Investments, restricted	1,066	-	1,066
Advance to related entity	1,899	-	1,899
Nondepreciable capital assets	-	4,500	4,500
	<u>2,996</u>	<u>4,500</u>	<u>7,496</u>
Total Assets	<u>4,475</u>	<u>4,509</u>	<u>8,984</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	-	2	2
Accrued bond interest payable	43	-	43
Current portion of bonds payable	1,395	-	1,395
	<u>1,438</u>	<u>2</u>	<u>1,440</u>
Noncurrent liabilities:			
Revenue bonds payable, net of current portion	2,880	-	2,880
Unamortized premium	157	-	157
	<u>3,037</u>	<u>-</u>	<u>3,037</u>
Total liabilities	<u>4,475</u>	<u>2</u>	<u>4,477</u>
<u>NET POSITION</u>			
Net investment in capital assets	-	4,500	4,500
Unrestricted	-	7	7
Total net position	<u>\$ -</u>	<u>\$ 4,507</u>	<u>\$ 4,507</u>

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET
POSITION – OTHER FINANCING FUND
Year Ended June 30, 2017

(in thousands of dollars)

	Capital Improvements Revenue Bond 2012	Capital Improvements Revenue Bond	Other Financing Fund Total
Operating revenues:			
Lease revenue	\$ -	\$ 9	\$ 9
Investment income	5	-	5
Advance/loan interest income	99	-	99
	<u>104</u>	<u>9</u>	<u>113</u>
Operating expenses:			
Other service charges	-	2	2
Interest and amortization expense	104	-	104
	<u>104</u>	<u>2</u>	<u>106</u>
Operating income	<u>-</u>	<u>7</u>	<u>7</u>
Change in net position	-	7	7
Net position, beginning of year	-	4,500	4,500
Net position, end of year	<u>\$ -</u>	<u>\$ 4,507</u>	<u>\$ 4,507</u>

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
COMBINING SCHEDULE OF CASH FLOWS – OTHER FINANCING FUND
Year Ended June 30, 2017

(in thousands of dollars)	Capital Improvements Revenue Bond 2012	Capital Improvements Revenue Bond	Other Financing Fund Total
Cash flows from operating activities:			
Interest paid on revenue bonds	\$ (228)	\$ -	\$ (228)
Receipts from customers	-	10	10
Investment income	16	-	16
Payments to suppliers for goods and services	-	(1)	(1)
Payments from related entity	1,571	-	1,571
Principal paid on long-term debt	(1,365)	-	(1,365)
Net cash provided (used) by operating activities	<u>(6)</u>	<u>9</u>	<u>3</u>
Net change in cash and cash equivalents	(6)	9	3
Cash and cash equivalents, beginning of year	430	-	430
Cash and cash equivalents, end of year	<u>\$ 424</u>	<u>\$ 9</u>	<u>\$ 433</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position			
Current unrestricted cash and cash equivalents	\$ -	\$ 9	\$ 9
Current restricted cash and cash equivalents	393	-	393
Noncurrent restricted cash and cash equivalents	<u>31</u>	<u>-</u>	<u>31</u>
Total cash and cash equivalents	<u>\$ 424</u>	<u>\$ 9</u>	<u>\$ 433</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	\$ -	\$ 7	\$ 7
Adjustments:			
Change in accounts payable	-	2	2
Change in financing assets	12	-	12
Change in financing liabilities	(1,489)	-	(1,489)
Change in advances	1,471	-	1,471
Net cash provided (used) by operating activities	<u>\$ (6)</u>	<u>\$ 9</u>	<u>\$ 3</u>
Noncash investing activities:			
Depreciation of fair value of investments	<u>\$ (11)</u>	<u>\$ -</u>	<u>\$ (11)</u>

TULSA PUBLIC FACILITIES AUTHORITY
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DEBT COMPLIANCE INFORMATION (unaudited)
June 30, 2017

ONE TECHNOLOGY CENTER

Percentage of Occupied Units

Total occupied	19
Total vacant units	3
Total units	22
Percentage Occupied	86%

Percentage of Occupied Square Feet

Total Occupied Square Feet	601,647
Total Vacant Square Feet	24,945
Total Square Footage	626,592
Percentage Occupied	96%

Major Tenants and Square Feet

City of Tulsa	286,368
Level 3 Communications, LLP**	152,730
Magellan Midstream Partners, LP	96,258

**Space is included in Capital Lease

