

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

Financial Report  
June 30, 2012 and 2011

## Contents

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<b>Independent Auditor's Report</b>	1 – 2
Management's discussion and analysis	3 – 7
Basic financial statements:	
Statements of net position	8 – 9
Statements of revenues, expenses and changes in net position	10
Statements of cash flows	11
Notes to basic financial statements	12 – 20
Required supplementary information:	
Union employees' pension plan	21
Note to required supplementary information	22
Supplementary information:	
Supplemental schedule of expenditures of federal awards	23 – 24
Schedule of operating expenses, excluding depreciation	25 – 27
Schedule of projects costs	28

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## Independent Auditor's Report

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

We have audited the accompanying basic financial statements of the Metropolitan Tulsa Transit Authority (the Authority), a component unit of the City of Tulsa, Oklahoma, as of and for the years ended June 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2012 and 2011, and the changes in its financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7, and the schedule of funding progress on page 21 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 (GASB) 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.

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

*McGladrey LLP*

Kansas City, Missouri  
October 5, 2012

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

**Management's Discussion and Analysis  
Year Ended June 30, 2012**

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As management of the Metropolitan Tulsa Transit Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended June 30, 2012 and 2011. The Authority is a component unit of the City of Tulsa, Oklahoma. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 8. All amounts are expressed in thousands of dollars.

**Financial Highlights**

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by approximately \$25,580 (net position). For fiscal year 2011, assets exceeded liabilities by \$18,002.
- During fiscal year 2012, the Authority's total net position increased by approximately \$7,578. For fiscal year 2011, the Authority's total net position increased by \$1,967.
- The Authority's total liabilities increased by approximately \$382 during fiscal year 2012.
- For the year ended June 30, 2012, net capital assets increased by approximately \$7,714. For the year ended June 30, 2011, net capital assets increased by approximately \$2,091.

**Overview of the Financial Statements**

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

**Required Financial Statements**

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

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

**Management's Discussion and Analysis  
Year Ended June 30, 2012**

**Net Position**

The Authority's net position increased approximately \$7,578 for fiscal year ended June 30, 2012. The increase is primarily due to additional federal capital revenue. The Authority's net position increased approximately \$1,967 for the fiscal year ended June 30, 2012. The increase is primarily due to decreased expenses and additional federal capital revenues.

Net Position  
(in thousands of dollars)

	2012	2011	2010
<b>Assets:</b>			
Current and other assets	\$ 2,986	\$ 2,740	\$ 4,840
Capital assets, net	25,776	18,062	15,971
<b>Total assets</b>	<b>\$ 28,762</b>	<b>\$ 20,802</b>	<b>\$ 20,811</b>
<b>Liabilities:</b>			
Current and other liabilities	\$ 1,648	\$ 1,412	\$ 3,696
Long-term liabilities	1,534	1,388	1,081
<b>Total liabilities</b>	<b>3,182</b>	<b>2,800</b>	<b>4,777</b>
<b>Net position:</b>			
Net investment in capital assets	25,776	18,062	15,971
Restricted for other purposes	592	760	523
Unrestricted (deficit)	(788)	(820)	(460)
<b>Total net position</b>	<b>\$ 25,580</b>	<b>\$ 18,002</b>	<b>\$ 16,034</b>

**Change in Net Position**

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

For the year ended June 30, 2011, the Authority's total operating revenues increased approximately \$36 and operating expenses decreased \$1,067. The key factor for the increase in operating revenues was attributable to increased advertising revenue. Fixed Route ridership decreased 2 percent from prior year and Lift Program ridership decreased 20 percent from prior year. With regard to operating expenses, purchased transportation decreased 14 percent, depreciation decreased 11 percent and employee fringe benefits decreased 2 percent.

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

**Management's Discussion and Analysis**  
**Year Ended June 30, 2012**

Changes in Net Position  
(in thousands of dollars)

	2012	2011	2010
Operating revenues	\$ 3,289	\$ 3,035	\$ 2,999
Nonoperating and capital revenues	25,337	18,562	15,641
<b>Total revenues</b>	<b>28,626</b>	<b>21,597</b>	<b>18,640</b>
Operating expenses	21,048	19,614	20,681
Nonoperating expenses	-	16	5
<b>Total expenses</b>	<b>21,048</b>	<b>19,630</b>	<b>20,686</b>
<b>Increase (decrease) in net position</b>	<b>\$ 7,578</b>	<b>\$ 1,967</b>	<b>\$ (2,046)</b>

**Capital Assets**

The Authority's investment in capital assets as of June 30, 2012 amounts to approximately \$25,776 (net of accumulated depreciation). This investment in capital assets includes revenue and service equipment, land, buildings and other equipment. The Authority made additional capital asset purchases during the year resulting in increased net capital assets.

Net Capital Assets  
(in thousands of dollars)

	2012	2011	2010
Revenue equipment	\$ 26,739	\$ 20,200	\$ 19,540
Service equipment	441	367	264
Security equipment	882	553	543
Buildings	13,336	12,490	12,289
Shop and garage equipment	2,192	762	1,696
Other equipment	3,253	3,090	3,497
Furniture and fixtures	869	866	846
Construction in progress	36	39	-
Land	2,634	2,634	2,634
	<b>50,382</b>	<b>41,001</b>	<b>41,309</b>
Less accumulated depreciation	<b>(24,606)</b>	<b>(22,939)</b>	<b>(25,338)</b>
<b>Net capital assets</b>	<b>\$ 25,776</b>	<b>\$ 18,062</b>	<b>\$ 15,971</b>

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

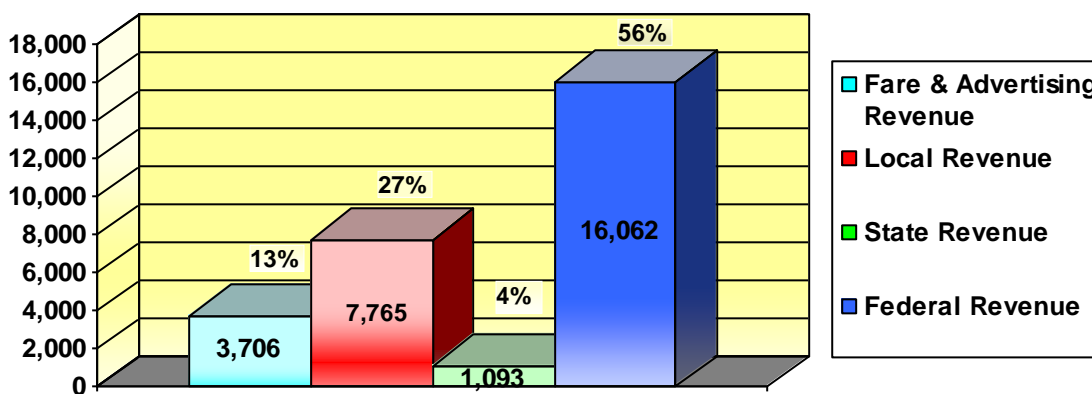
**Management’s Discussion and Analysis  
Year Ended June 30, 2012**

**Economic Factors**

The Authority has 176 employees including bus drivers, mechanics and administrative staff. The Authority provides an array of public transportation programs, which serve residents in the City of Tulsa, and connecting service to the cities of Broken Arrow, Jenks and Sand Springs. These services include fixed route bus service, ADA paratransit services for the disabled and commuter bus services. The Authority’s bus fleet consists of 65 fixed route buses and 52 paratransit vehicles. To coordinate these services and provide information to the public, the Authority operates a customer call center, which processes over 700,000 actual inquiries annually.

The Authority is subsidized by local, federal, and state funding sources; in addition, the Authority generates fare and advertising revenues through the sale of various bus fare passes and bus and shelter advertising. The Authority markets bus fare passes through its bus stations and other locations including local businesses, colleges and governmental offices. Bus and shelter advertising is solicited using a third party contractor.

The Authority’s fiscal year 2012 total revenue of \$28,626 is comprised as follows (in thousands):



The Authority is the recipient of \$8.3 million from the American Recovery and Reinvestment Act of 2009. This and other grants have allowed the Authority to transition part of its fleet to Compressed Natural Gas (CNG), with the end goal being to transition its entire fleet to CNG. The incremental costs for one CNG bus versus a diesel bus is \$50,000 for fixed route and \$25,000 for paratransit; however, the Authority projects these costs to be offset by a 50 percent decrease in fuel costs. With annual fuel costs averaging \$1.5 million and an average useful life of 10 years, the value of the investment is illustrated below:

Incremental cost of fixed route	=	\$3.25 million (65 x \$50,000)
Incremental cost of paratransit	=	\$1.30 million (52 x \$25,000)
Initial cost	=	\$4.55 million
Average useful life of fleet	=	10 years
Annual cost savings	=	\$750,000
Payback period	=	6 years
Return on investment	=	10%



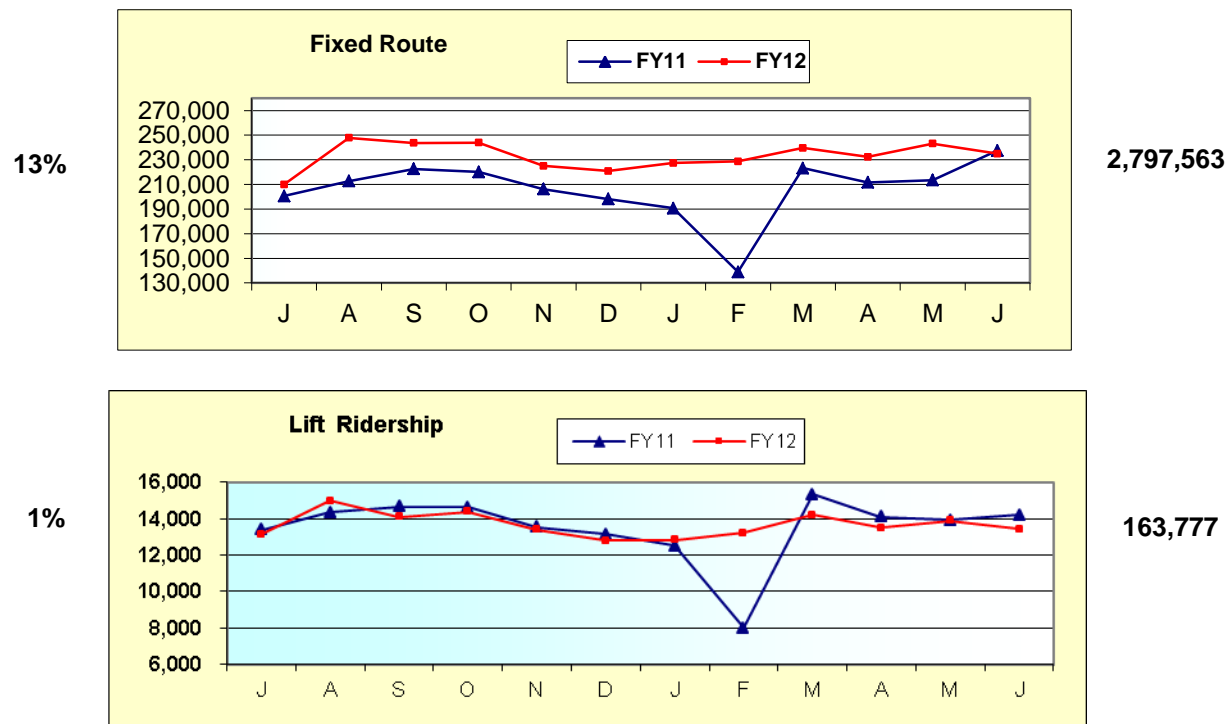
**Metropolitan Tulsa Transit Authority  
(A Component Unit of the City of Tulsa, Oklahoma)**

**Management's Discussion and Analysis  
Year Ended June 30, 2012**

As part of the CNG transition, several capital projects were required; moreover, each project had many phases, but all were completed in fiscal year 2012. The projects completed are:

- Completed construction and put into service a CNG fueling station.
- Completed CNG compliance modifications to the maintenance facility.
- Placed into service 15 CNG fixed route buses (24% of fixed route fleet).
- Converted 35 paratransit buses to CNG (67% of paratransit fleet).

Various economic factors such as gas prices, economic growth (or compression), and funding can impact the Authority's operations; consequently, with rising gas prices, economic recovery, and local funding restored to prior year levels, the Authority's fiscal year 2012 actual fixed route ridership of 2,797,563 increased 13 percent from prior year. Non-economic factors such as inclement weather can negatively impact ridership as demonstrated in February 2011 in the charts below. Fiscal year 2012 and fiscal year 2011 ridership for both fixed route and paratransit (Lift) are as follows:



**Requests for Information**

This financial report is designed to provide a general overview of the Authority's operations and finances for all of those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Metropolitan Tulsa Transit Authority, 510 South Rockford, Tulsa, Oklahoma 74120.

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

**Statements of Net Position**  
**June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 984,437	\$ 1,179,978
Restricted cash	592,140	760,626
<b>Total cash and cash equivalents</b>	<b>1,576,577</b>	<b>1,940,604</b>
Accounts receivable:		
Trade	189,812	134,445
Operating and capital grants	669,782	211,478
Inventories	480,661	291,541
Prepaid expenses and other	69,321	162,236
<b>Total current assets</b>	<b>2,986,153</b>	<b>2,740,304</b>
Capital assets, at cost:		
Revenue equipment	26,739,637	20,200,499
Service equipment	440,840	367,292
Security equipment	881,616	553,343
Buildings	13,335,788	12,489,753
Shop and garage equipment	2,191,540	761,636
Other equipment	3,253,670	3,090,334
Furniture and fixtures	868,573	866,257
Construction in progress	36,520	38,650
Land	2,633,707	2,633,707
	<b>50,381,891</b>	<b>41,001,471</b>
Less accumulated depreciation	24,605,796	22,939,170
	<b>25,776,095</b>	<b>18,062,301</b>
<b>Total assets</b>	<b>\$ 28,762,248</b>	<b>\$ 20,802,605</b>

See Notes to Basic Financial Statements.

	<u>2012</u>	<u>2011</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable:		
Trade	\$ 590,288	\$ 509,227
Other	109,676	38,539
Accrued wages payable	134,234	351,677
Accrued compensated absences	79,067	81,695
Accrued insurance claims	401,752	344,266
Accrued pension contributions	63,116	68,495
Line of credit	260,691	7,180
Unearned revenue	9,000	11,429
<b>Total current liabilities</b>	<u>1,647,824</u>	<u>1,412,508</u>
Noncurrent liabilities:		
Advances payable to the City of Tulsa	326,000	326,000
Net pension obligation	341,273	230,504
Other postemployment benefits	258,871	205,793
Accrued compensated absences	608,469	625,668
<b>Total noncurrent liabilities</b>	<u>1,534,613</u>	<u>1,387,965</u>
<b>Total liabilities</b>	<u>3,182,437</u>	<u>2,800,473</u>
Net position:		
Net investment in capital assets	25,776,095	18,062,301
Restricted, expendable for capital acquisitions	457,770	636,718
Restricted, expendable for worker's compensation	134,370	123,908
Unrestricted, deficit	(788,424)	(820,795)
<b>Total net position</b>	<u>\$ 25,579,811</u>	<u>\$ 18,002,132</u>

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

**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Passenger	\$ 2,619,708	\$ 2,389,778
Advertising	613,106	601,847
Other	56,399	43,930
<b>Total operating revenues</b>	<b>3,289,213</b>	<b>3,035,555</b>
Operating expenses:		
Labor	6,020,085	5,856,259
Purchased transportation	2,734,637	2,570,945
Materials and supplies consumed	3,525,165	3,239,878
Fringes	3,312,544	3,267,981
Services	813,138	836,667
Insurance	96,729	445,006
Utilities	382,132	350,336
Depreciation	3,816,821	2,696,451
Other	346,671	350,577
<b>Total operating expenses</b>	<b>21,047,922</b>	<b>19,614,100</b>
<b>Operating loss</b>	<b>(17,758,709)</b>	<b>(16,578,545)</b>
Nonoperating revenues (expenses):		
Federal Transit Administration operating grants	5,047,374	8,800,816
State of Oklahoma operating grants	1,092,500	1,159,000
City of Tulsa operating appropriations	7,450,000	5,775,000
Interest	2,675	2,729
Gain (Loss) on disposal of capital assets	33,581	(16,366)
Other	274,000	274,000
<b>Nonoperating revenues, net</b>	<b>13,900,130</b>	<b>15,995,179</b>
<b>Deficiency of revenues over expenses before capital appropriations, capital grants and capital contributions</b>	<b>(3,858,579)</b>	<b>(583,366)</b>
Capital grants, Federal Transit Administration	11,014,757	1,551,258
Capital appropriations, City of Tulsa	315,297	999,295
Capital contributions	106,204	-
<b>Change in net position</b>	<b>7,577,679</b>	<b>1,967,187</b>
Net position, beginning of year	18,002,132	16,034,945
Net position, end of year	<b>\$ 25,579,811</b>	<b>\$ 18,002,132</b>

See Notes to Basic Financial Statements.

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

**Statements of Cash Flows**  
**Years Ended June 30, 2012 and 2011**

	2012	2011
Cash flows from operating activities:		
Cash received from customers	\$ 3,233,846	\$ 3,043,975
Cash payments to suppliers for goods and services	(7,784,993)	(10,089,747)
Cash payments to employees	(9,411,431)	(8,784,209)
<b>Net cash (used in) operating activities</b>	<b>(13,962,578)</b>	<b>(15,829,981)</b>
Cash flows from noncapital financing activities:		
Operating grants received from Federal Transit Administration	4,586,641	11,057,570
Operating appropriations received from the City of Tulsa	7,450,000	5,775,000
Operating grants received from the state of Oklahoma	1,092,500	1,159,000
Other assistance received	274,000	274,000
Proceeds from line of credit	253,511	7,180
<b>Net cash provided by noncapital financing activities</b>	<b>13,656,652</b>	<b>18,272,750</b>
Cash flows from capital and related financing activities:		
Capital expenditures	(11,437,608)	(4,860,822)
Capital contributions from Federal Transit Administration	11,014,757	1,551,258
Capital contributions from the City of Tulsa	315,297	999,295
Proceeds from sale of capital assets	46,778	57,137
<b>Net cash (used in) capital and related financing activities</b>	<b>(60,776)</b>	<b>(2,253,132)</b>
Cash flows provided by investing activities, interest earned	2,675	2,729
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(364,027)</b>	<b>192,366</b>
Cash and cash equivalents, beginning of year	1,940,604	1,748,238
Cash and cash equivalents, end of year	<u>\$ 1,576,577</u>	<u>\$ 1,940,604</u>
Reconciliation of operating loss to net cash (used in) operating activities:		
Operating loss	\$ (17,758,709)	\$ (16,578,545)
Depreciation	3,816,821	2,696,451
Changes in operating assets and liabilities:		
Accounts receivable	(55,367)	8,420
Inventories	(189,120)	39,785
Prepaid expenses and other	92,915	(20,726)
Accounts payable	152,198	(97,281)
Accrued liabilities	57,486	19,116
Payable to employees	(78,802)	340,031
Due to the City of Tulsa	-	(2,237,232)
<b>Net cash (used in) operating activities</b>	<b>\$ (13,962,578)</b>	<b>\$ (15,829,981)</b>
Noncash capital and related financing activities, capital contributions	<u>\$ 106,204</u>	<u>\$ -</u>

See Notes to Basic Financial Statements.

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

**Notes to Basic Financial Statements**

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

**Nature of business:**

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

**Reporting entity:**

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

**Significant accounting policies:**

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

Cash and cash equivalents: The Authority considers all investments which have an original maturity of 90 days or less to be cash equivalents. At June 30, 2012 and 2011, cash equivalents consist of certificates of deposit. The Authority defines cash and cash equivalents used in the statement of cash flows as all cash and liquid investments with original maturities of 90 days or less (both restricted and unrestricted).

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

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

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

**Notes to Basic Financial Statements**

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

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

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

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

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

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

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

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

	2011	Additions	Deletions	2012	Due in One Year
Compensated absences	\$ 707,363	\$ 687,536	\$ 707,363	\$ 687,536	\$ 79,067
	2010	Additions	Deletions	2011	Due in One Year
Compensated absences	\$ 689,124	\$ 707,363	\$ 689,124	\$ 707,363	\$ 81,695

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

**Notes to Basic Financial Statements**

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

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

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

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

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

Use of estimates: The preparation of financial statements in conformity with accounting principles generally, accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Note 2. Deposits and Investments**

Deposits: As of June 30, 2012 and 2011, the Authority's cash equivalents consisted of checking accounts and certificates of deposit. The Authority had no investments. Custodial credit risk is the risk that in the event of a bank failure a government's deposits may not be returned to it. The Authority's deposit policy for custodial credit risk requires compliance with the provisions of state law.

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



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

**Notes to Basic Financial Statements**

**Note 2. Deposits and Investments (Continued)**

The financial institution holding the Authority's cash accounts is participating in the Dodd-Frank Wall Street Reform and Consumer Protection Act. Under that program, through December 31, 2012, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account.

Effective October 3, 2008, the FDIC's insurance limits increased to \$250,000. The increase in federally insured limits is currently set to expire December 31, 2013. As of June 30, 2012 and 2011, none of the Authority's bank balances of \$1,576,577 and \$1,940,604, respectively, were uninsured and uncollateralized.

**Note 3. Capital Assets**

The changes in capital assets for the years ended June 30, 2012 and 2011 were:

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

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

**Notes to Basic Financial Statements**

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

	2011				Ending Balance
	Beginning Balance	Additions	Reductions	Transfers	
Capital assets not being depreciated,					
Construction in progress	\$ -	\$ 38,650	\$ -	\$ -	\$ 38,650
Land	2,633,707	-	-	-	2,633,707
<b>Total capital assets         not being depreciated</b>	<b>2,633,707</b>	<b>38,650</b>	<b>-</b>	<b>-</b>	<b>2,672,357</b>
Capital assets being depreciated:					
Revenue equipment	19,539,895	4,367,676	(3,618,173)	(88,899)	20,200,499
Service equipment	263,923	46,176	(31,706)	88,899	367,292
Security equipment	543,456	9,887	-	-	553,343
Buildings	12,289,093	200,660	-	-	12,489,753
Shop and garage equipment	1,695,958	8,050	(942,372)	-	761,636
Other equipment	3,497,156	152,802	(559,624)	-	3,090,334
Furniture and fixtures	845,955	36,921	(16,619)	-	866,257
<b>Total capital assets         being depreciated</b>	<b>38,675,436</b>	<b>4,822,172</b>	<b>(5,168,494)</b>	<b>-</b>	<b>38,329,114</b>
Accumulated depreciation:					
Revenue equipment	12,722,037	1,693,679	(3,544,671)	(63,446)	10,807,599
Service equipment	242,515	27,095	(31,706)	63,446	301,350
Security equipment	515,584	15,736	-	-	531,320
Buildings	7,051,854	521,129	-	-	7,572,983
Shop and garage equipment	1,417,342	55,473	(942,372)	-	530,443
Other equipment	2,549,090	369,629	(559,623)	-	2,359,096
Furniture and fixtures	839,288	13,710	(16,619)	-	836,379
<b>Total accumulated         depreciation</b>	<b>25,337,710</b>	<b>2,696,451</b>	<b>(5,094,991)</b>	<b>-</b>	<b>22,939,170</b>
<b>Total capital assets         being depreciated, net</b>	<b>13,337,726</b>	<b>2,125,721</b>	<b>(73,503)</b>	<b>-</b>	<b>15,389,944</b>
<b>Capital assets, net</b>	<b>\$ 15,971,433</b>	<b>\$ 2,164,371</b>	<b>\$ (73,503)</b>	<b>\$ -</b>	<b>\$ 18,062,301</b>

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

**Notes to Basic Financial Statements**

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**Note 4. Pension Plans**

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

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

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

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

The Authority to establish and amend requirements of plan members and the Plan is set forth in the City Charter and state statutes and is vested in the Plan's board of trustees, which are appointed by the mayor with approval of the City Council. Plan members are required to contribute 5.0 percent of their annual covered salary. The Authority is required to contribute at an actuarially determined rate; the rate was 9.3 percent, 6.3 percent and 6.3 percent for the years ended 2012, 2011 and 2010, respectively. The Authority's contributions to the Plan for fiscal years 2012, 2011 and 2010 were approximately \$139,000, \$122,000 and \$111,000, respectively, which equaled its required portion of the contributions for each year.

The Plan is reported as a Municipal Pension Trust Fund in the City's 2012 Comprehensive Annual Financial Report. The Plan does not issue a stand-alone, financial report and is not included in the report of a public employee retirement system.

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

	2011	Additions	Deletions	2012	Due in One Year
Net pension obligation	\$ 71,801	\$ 172,438	\$ 139,000	\$ 105,239	\$ -

	2010	Additions	Deletions	2011	Due in One Year
Net pension obligation	\$ 47,403	\$ 145,678	\$ 122,000	\$ 71,801	\$ -

Union Employees' Pension Plan: The Authority has a pension plan (the Union Plan) covering substantially all of its union employees, which is a single-employer defined benefit pension plan. The Union Plan provides retirement, disability, death and termination benefits to plan members and beneficiaries. The Authority and Local 892 of the Amalgamated Transit Union (the Union) are parties to the Metropolitan Tulsa Transit Authority Union Employees' Pension Plan Agreement (the Agreement) dated July 1, 1975, as amended, and have the authority to establish and amend benefit provisions through renegotiation of the Agreement. The employer and employee contribution rates are determined by the Agreement. The employee contribution rate for fiscal years 2012 and 2011 was 4 percent. The employer contribution rate for fiscal years 2012 and 2011 was 9 percent.

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

**Notes to Basic Financial Statements**

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

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

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

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

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

	2012	2011
Annual required contribution (ARC)	\$ 306,166	\$ 340,700
Interest on net pension obligation	12,927	7,790
Adjustment to ARC	9,983	(6,016)
Annual pension cost	329,076	342,474
Contributions made	252,465	273,980
Increase in net pension obligation	76,611	68,494
Net pension obligation, July 1, 2011	159,423	90,929
Net pension obligation, July 1, 2012	<u>\$ 236,034</u>	<u>\$ 159,423</u>

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

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 329,076	72% *	\$ 236,034
2011	342,474	80 *	159,423
2010	378,409	83 *	90,929

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

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

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

**Notes to Basic Financial Statements**

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

Funded status and funding progress as of June 30, 2011: As of July 1, 2010, the most recent actuarial valuation date, the Union Plan was 85.3 percent funded. The actuarial value of assets was \$8,844,751 and the actuarial accrued liability was \$10,372,628 resulting in a total unfunded actuarial liability of \$1,527,877. The annual covered payroll (annual payroll of active employees covered by the plan) was \$3,044,226 and the ratio of the unfunded actuarial liability to annual covered payroll was 50.2 percent.

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

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

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

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

The actuarial valuation of liabilities under the plan is calculated using the entry age normal cost method as of the July 1, 2011 and 2010 actuarial valuations. This method requires the calculation of an unfunded actuarially accrued liability, which was approximately \$35,685,075 and \$34,166,000 for the City as of June 30, 2012 and 2011, respectively. The Authority's portion of the unfunded actuarially accrued liability is not separately determinable.

The City's actuarially determined annual required contributions (ARC) for fiscal years ended June 30, 2012 and 2011 were \$2,768,656 and \$3,219,000, respectively, of which \$1,155,000 and \$537,000 were paid on a pay-as-you-go basis in 2012 and 2011, respectively. The Authority was allocated \$258,871 and \$205,793 of the net OPEB obligation for the fiscal years ended June 30, 2012 and 2011, respectively, which has been reflected in the financial statements. The amount allocated to the Authority is based on the percentage of the Authority's payroll cost compared to the total payroll cost of the active eligible employees. The complete details of the plan are disclosed in the City's Comprehensive Annual Financial Report.

**Note 6. Commitments and Contingencies**

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

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

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

**Notes to Basic Financial Statements**

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**Note 6. Commitments and Contingencies (Continued)**

As of June 30, 2012, the Authority has entered into contracts totaling approximately \$2.1 million for CNG bus purchases which will be funded primarily by federal grants, as well as local capital contributions and the line of credit.

**Note 7. Related-Party Transactions**

During the years ended June 30, 2012 and 2011, the Authority received no advances from the City, although \$326,000 of prior advances was outstanding as of June 30, 2012 and 2011.

During the years ended June 30, 2012 and 2011, the Authority received operating appropriations from the City of \$7,450,000 and \$5,775,000, respectively. During the years ended June 30, 2012 and 2011, the Authority received capital appropriations from the City of \$315,297 and \$999,295, respectively.

**Note 8. Self-Insurance Liability**

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

The following is a summary of the self-insurance activity during the fiscal years ended June 30, 2012, 2011 and 2010, respectively:

	2012	2011	2010
Liability, beginning of year	\$ 344,266	\$ 285,588	\$ 301,405
Claims incurred:			
Auto/general	52,343	306,237	246,894
Workers' compensation	39,038	200,406	112,783
Claims paid	(33,895)	(447,965)	(375,494)
Liability, end of year	<u>\$ 401,752</u>	<u>\$ 344,266</u>	<u>\$ 285,588</u>

The accrued insurance claims liability as of June 30, 2012 and 2011, also includes a workers' compensation bonus accrual of \$108,000 and \$0, respectively, for union employees without any worker's compensation claims during the year.

**Note 9. Line of Credit**

The Authority has a revolving line of credit with F&M Bank in the amount of \$650,000 which expires May 15, 2014. As of June 30, 2012 and 2011, there was \$260,691 and \$7,180 borrowed and outstanding against the line of credit. The line of credit bears a variable interest rate equal to the commercial prime interest rate, which was 4 percent as of June 30, 2012 and 2011.

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

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

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over- funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
<b>07/01/2011</b>	<b>\$ 9,252,910</b>	<b>\$ 10,875,619</b>	<b>\$ 1,622,709</b>	<b>85.1%</b>	<b>\$ 2,805,171</b>	<b>57.8%</b>
07/01/2010	8,844,751	10,372,628	1,527,877	85.3	3,044,226	50.2
07/01/2009	8,280,062	9,924,465	1,644,403	83.4	3,520,150	46.7

See Note to Required Supplementary Information.

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

**Note to Required Supplementary Information**

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Valuation date	July 1, 2011
Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Actuarial asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	3.25%
Inflation rate	3.0%
Cost-of-living adjustments	None



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

**Supplemental Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012**

Federal Grantor/ Program Title	Project Number	CFDA #	Program or Award Amount	Unexpended Balance at July 1, 2011
<b>U.S Department of Transportation (Direct)</b>				
	OK-04-0018-00	20.500	\$ 1,240,500	\$ -
	OK-04-0017-00	20.500	750,000	-
	OK-04-0006-00	20.500	245,000	114,120
	OK-04-0011-00	20.500	712,500	712,500
	OK-37-X041-00	20.507	16,818	-
	OK-90-X087-00	20.507	5,764,000	307,591
	OK-90-X095-01	20.507	6,953,517	362,659
	OK-90-X100-01	20.507	6,465,926	337,185
	OK-95-X003-01	20.507	650,000	386,131
	ARRA OK-96-X003-01	20.507	8,853,448	6,409,559
	OK-90-X104-00	20.507	6,595,908	4,435,090
	OK-90-X109-00	20.507	6,340,747	-
	OK-37-X043-00	20.507	320,725	-
	OK-04-0014-00	20.519	2,500,000	2,471,280
	OK-57-X020-00	20.521	54,035	-
	OK-39-0001-00	20.522	137,600	23,545
<b>U.S. Department of Energy</b>				
Passed through State of Oklahoma				
Department of Commerce	ARRA OK-13942-SSEP09	81.041	3,651,900	3,360,000
			<u>\$ 51,252,624</u>	<u>\$ 18,919,660</u>

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Grant Amendments/ During Awarded Current Year	Other Income and Matching	Current Year Expenditures Federal	Current Year Expenditures Federal and Local	Unexpended Balance at July 1, 2012
\$ 1,240,500	\$ -	\$ -	\$ -	\$ 1,240,500
750,000	-	-	-	750,000
-	-	-	-	114,120
-	136,574	546,297	682,871	166,203
16,818	16,818	16,818	33,636	-
-	31,680	126,722	158,402	180,869
-	35,121	140,482	175,603	222,177
-	10,003	40,011	50,014	297,174
-	17,313	69,252	86,565	316,879
-	-	5,933,095	5,933,095	476,464
-	991,851	3,967,404	4,959,255	467,686
6,340,747	341,858	1,367,431	1,709,289	4,973,316
320,725	-	-	-	320,725
-	400,574	1,602,297	2,002,871	868,983
54,035	33,394	33,394	66,788	20,641
-	5,684	22,735	28,419	810
(1,177,134)	196,571	2,182,866	2,379,437	-
<u>\$ 7,545,691</u>	<u>\$ 2,217,441</u>	<u>\$ 16,048,804</u>	<u>\$ 18,266,245</u>	<u>\$ 10,416,547</u>

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

**Schedule of Operating Expenses, Excluding Depreciation**  
**Year Ended June 30, 2012**

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Labor:

Operator salaries and wages	\$ 3,038,904
Transportation administration	296,188
System security	158,442
Safety and training administration	400
Maintenance administration	163,883
Maintenance and servicing, revenue vehicles	1,010,567
Service and development administration	68,316
General office administration	1,283,385
<b>Total labor</b>	<u>6,020,085</u>

Purchased transportation:

Lift program, ADA	2,487,597
Fixed route	247,040
<b>Total purchased transportation</b>	<u>2,734,637</u>

Materials and supplies consumed:

Diesel fuel	1,439,301
Compressed natural gas	59,976
Gasoline service	494,326
Oil and lubricants	100,432
Tires and tubes	121,291
Shop and garage building repair	294,561
Service and shop equipment	150,254
Other shop and garage expense	73,490
Repair parts for revenue vehicles	630,731
Servicing supplies	22,070
Transportation and safety	7,589
Schedules	31,195
Tickets and transfers	34,109
General office expenses	65,840
<b>Total materials and supplies consumed</b>	<u>3,525,165</u>

(Continued)

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

**Schedule of Operating Expenses, Excluding Depreciation (Continued)**  
**Year Ended June 30, 2012**

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Fringes:

FICA taxes	498,102
Pension plan expenses	585,549
Other postemployment benefits	53,078
Health and dental expense	1,052,576
Life and disability insurance	73,188
Workers' compensation insurance (including self-insurance)	351,662
Sick leave	134,003
Holiday pay	175,825
Vacation pay	242,960
Uniform allowance - drivers	36,494
Work clothing and tool allowance, mechanics	26,382
Unemployment tax, state	41,544
Other	41,181
<b>Total fringes</b>	<b>3,312,544</b>

Services:

Legal fees	26,143
Audit and other outside services	36,100
Office equipment maintenance	41,684
Advertising	258,044
Professional and technical services	318,441
Building and facility services	103,110
Security services	29,616
<b>Total services</b>	<b>813,138</b>

Insurance, property and liability insurance (including self-insurance)	96,729
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Utilities:

Heat, power and water	240,952
Communications	141,180
<b>Total utilities</b>	<b>382,132</b>

(Continued)

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

**Schedule of Operating Expenses, Excluding Depreciation (Continued)**  
**Year Ended June 30, 2012**

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Other:

Planning expense	168,165
Dues and subscriptions	24,376
Travel and meetings, staff	23,743
Marketing and advertising	44,039
Trade advertising	20,248
Other miscellaneous expenses	45,583
Interest	5,659
Leases and rentals	14,858
<b>Total other</b>	<u>346,671</u>
<b>Total operating expenses, excluding depreciation</b>	<u><u>\$ 17,231,101</u></u>

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

**Schedule of Projects Costs**  
**Year Ended June 30, 2012**

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Total operating expenses:	
Labor	\$ 6,020,085
Purchased transportation	2,734,637
Materials and supplies consumed	3,525,165
Fringes	3,312,544
Services	813,138
Insurance	96,729
Utilities	382,132
Other	346,671
<b>Total operating expenses, excluding depreciation</b>	<u>17,231,101</u>
Depreciation	3,816,821
<b>Total operating expenses</b>	<u>21,047,922</u>
Less exclusions:	
Ineligible expenses:	
Depreciation	3,816,821
Contra-expense, interest earned on working capital	(2,675)
Other exclusions, expenses reimbursable by:	
Planning assistance, FTA	824,985
Revolving transit funds, Oklahoma	1,092,500
CMAQ operating assistance, FTA	39,232
Preventative maintenance assistance, FTA	2,934,324
Lift program assistance, FTA	1,094,507
Job access assistance, FTA	50,212
Lease assistance, FTA	104,114
<b>Total exclusions</b>	<u>9,954,020</u>
<b>Eligible operating expenses</b>	<u>11,093,902</u>
Less:	
Passenger farebox revenues	2,619,708
Contract services and other	56,399
	<u>2,676,107</u>
<b>Net eligible project cost</b>	<u>8,417,795</u>
Less local share of operating assistance:	
City of Tulsa	7,450,000
Advertising revenues	613,106
Other	274,000
	<u>8,337,106</u>
<b>Net revenues before applying FTA operating funds</b>	<u>\$ 80,689</u>