

TULSA PARKING AUTHORITY
**(A Component Unit of the City of Tulsa,
Oklahoma)**

FINANCIAL REPORT
June 30, 2015 and 2014

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
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June 30, 2015 and 2014

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RSM US LLP

Independent Auditor's Report

Board of Trustees
Tulsa Parking Authority
Tulsa, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the Tulsa Parking Authority (the "Authority"), a component unit of the City of Tulsa, Oklahoma, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2015 and 2014, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 6 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 an opinion on the financial statements as a whole. The accompanying other statistical 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 4, 2015

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT’S DISCUSSION AND ANALYSIS
Years Ended June 30, 2015 and 2014

As management of the Tulsa Parking Authority (the “Authority”), a component unit of the City of Tulsa, Oklahoma (the “City”), we offer readers of the Authority’s financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended June 30, 2015 and 2014. We encourage readers to consider the information presented here in conjunction with the Authority’s financial statements, which begin on page 7. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded liabilities at the close of the most recent year by \$19,029 (net position). Of this amount, \$2,370 represents unrestricted net position, which may be used to meet the Authority’s ongoing obligations.
- The Authority’s net position increased from \$17,277 at June 30, 2014 to \$19,029 at June 30, 2015. The Authority’s net position increased \$1,752 and \$1,350, for the years ended June 30, 2015 and 2014, respectively.
- The Authority’s total liabilities decreased by \$1,774 and \$1,853 at June 30, 2015 and 2014, respectively.

Overview of the Financial Statements

The Authority, a legally separate public trust, is reported by the City as a discretely presented component unit in the City’s Comprehensive Annual Financial Report. The purpose of the Authority is to provide parking facilities to the general public.

This discussion and analysis is intended to serve as an introduction to the Authority’s financial statements. The financial statements include: 1) statements of net position, (2) statements of revenues, expenses, and changes in net position, 3) statements of cash flows, and 4) notes to the financial statements.

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
Years Ended June 30, 2015 and 2014

Required Financial Statements

The financial statements of the Authority report information about the Authority 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 inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. 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 user fees and other charges, profitability, and credit worthiness. The third required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and changes in cash resulting from operations, investing, and financing activities. The cash flow statement provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the period.

Net Position

The Authority's net position increased 10.14% from 17,277 at June 30, 2014 to \$19,029 at June 30, 2015. Net position increased 8.48% from \$15,927 at June 30, 2013 to \$17,277 at June 30, 2014. The following provides a summary of net position:

SUMMARY OF NET POSITION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current and other	\$ 8,083	\$ 7,010	\$ 6,879
Capital assets, net	<u>25,845</u>	<u>26,838</u>	<u>27,362</u>
Total assets	<u>33,928</u>	<u>33,848</u>	<u>34,241</u>
Total deferred outflows of resources	<u>571</u>	<u>673</u>	<u>783</u>
Current liabilities	2,187	2,110	2,140
Noncurrent liabilities	<u>13,283</u>	<u>15,134</u>	<u>16,957</u>
Total liabilities	<u>15,470</u>	<u>17,244</u>	<u>19,097</u>
Net investment in capital assets	14,574	13,546	12,630
Restricted	2,085	1,890	1,812
Unrestricted	<u>2,370</u>	<u>1,841</u>	<u>1,485</u>
Total net position	<u>\$ 19,029</u>	<u>\$ 17,277</u>	<u>\$ 15,927</u>

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
Years Ended June 30, 2015 and 2014

In 2015, total assets experienced a net increase of \$80 or 0.24%. Increases of \$870 in cash and investments, \$63 in accounts receivable, net, and \$156 in prepaid expenses were offset by the \$1,027 annual provision for depreciation. Total liabilities decreased \$1,774 or 10.29% primarily due to the \$1,715 scheduled principal payment on revenue bonds.

In 2014, total assets experienced a net decrease of \$393 or 1.15%. Capital asset purchases of \$600 were offset by the \$1,124 annual provision for depreciation. Total liabilities decreased \$1,853 or 9.7% primarily due to the \$1,675 scheduled principal payment on revenue bonds.

SUMMARY OF CHANGES IN NET POSITION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating revenues	\$ 7,156	\$ 6,199	\$ 6,394
Capital contributions	-	20	28
Investment (loss) income	13	22	(2)
Total revenues	<u>7,169</u>	<u>6,241</u>	<u>6,420</u>
Depreciation expense	1,027	1,124	1,083
Other operating expense	3,934	3,277	3,967
Nonoperating expense	456	490	524
Total expenses	<u>5,417</u>	<u>4,891</u>	<u>5,574</u>
Change in net position	1,752	1,350	846
Net position, beginning of year	<u>17,277</u>	<u>15,927</u>	<u>15,081</u>
Net position, end of year	<u>\$ 19,029</u>	<u>\$ 17,277</u>	<u>\$ 15,927</u>

In 2015, the Authority's operating revenues increased \$957 or 15.43%. Monthly parking fees accounted for \$507 of the increase, followed by \$140 for validated parking, and \$100 for visitor parking. Other operating expense increased \$657 primarily due to \$382 increase in repairs and maintenance on the parking facilities. Revenues exceeded expenses resulting in an increase in net position of \$1,752.

In 2014, the Authority's operating revenues decreased \$195 or 3.0%. A \$350 decrease in monthly parking fees was offset by \$57 and \$42 increases in special event revenue and daily use fees, respectively. Other operating expense decreased \$690 primarily due to \$714 less spent on repairs and maintenance on the parking facilities than the prior year. Revenues exceeded expenses resulting in an increase in net position of \$1,350.

In 2015, tax increment financing revenue from the Tulsa Development Authority declined \$20 due to the fact that no capital asset purchases were eligible for reimbursement.

In 2014, tax increment financing revenue from the Tulsa Development Authority declined \$8 due to fewer capital asset purchases eligible for reimbursement.

TULSA PARKING AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
Years Ended June 30, 2015 and 2014

In 2015, nonoperating expense decreased \$34 or 6.94% primarily due to decreased interest expense.

In 2014, nonoperating expense decreased \$34 or 6.49% primarily due to decreased interest expense.

Capital Assets

The Authority's investment in capital assets as of June 30, 2015 amounts to \$25,845 (net of accumulated depreciation). At June 30, 2014 the Authority's investment in capital assets was \$26,838 (net of accumulated depreciation).

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Land	\$ 7,230	\$ 7,230	\$ 7,230
Construction in progress	-	206	258
Land improvements	637	637	20
Buildings	49,084	48,844	48,809
Equipment	924	924	924
	<u>57,875</u>	<u>57,841</u>	<u>57,241</u>
Less accumulated depreciation	<u>(32,030)</u>	<u>(31,003)</u>	<u>(29,879)</u>
Capital assets, net	<u>\$ 25,845</u>	<u>\$ 26,838</u>	<u>\$ 27,362</u>

Debt

At June 30, 2015 and 2014 the Authority had outstanding revenue bond debt of \$14,470 and \$16,185, respectively. The bonds issued in 2012 refunded all other revenue bonds. Principal payments began in 2014 and will continue until the bonds are paid in full in 2029.

As an issuer of bonds, the Authority is subject to numerous covenants contained within the bond indentures. Additional information regarding the Authority's covenants can be found in Note 4 to the financial statements.

Requests for Information

This financial report is designed to provide interested parties with a general overview of the Authority's finances. 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 PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF NET POSITION
June 30, 2015 and 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
	(In Thousands)	
Current assets:		
Cash and cash equivalents	\$ 3,126	\$ 1,870
Accounts receivable	24	45
Investments	1,001	1,002
Interest receivable	3	2
Prepaid expense	506	350
Total unrestricted current assets	<u>4,660</u>	<u>3,269</u>
Restricted		
Cash and cash equivalents	1,172	1,061
Accounts receivable, net	120	58
Investments	1,001	-
Other assets	1,020	1,015
Total restricted current assets	<u>3,313</u>	<u>2,134</u>
Total current assets	<u>7,973</u>	<u>5,403</u>
Noncurrent assets:		
Cash and cash equivalents, restricted	110	105
Investments	-	500
Investments, restricted	-	1,002
Nondepreciable capital assets	7,230	7,436
Depreciable capital assets, net	18,615	19,402
Total noncurrent assets	<u>25,955</u>	<u>28,445</u>
Total assets	<u>\$ 33,928</u>	<u>\$ 33,848</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred charge on refunding	571	673
Total deferred outflows of resources	<u>\$ 571</u>	<u>\$ 673</u>

(Continued)

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

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF NET POSITION, Continued
June 30, 2015 and 2014

<u>LIABILITIES</u>	<u>2015</u>	<u>2014</u>
	(In Thousands)	
Current liabilities:		
Accounts payable	\$ 24	\$ 44
Unearned revenue	73	59
	<u>97</u>	<u>103</u>
Total current liabilities payable from unrestricted assets		
Liabilities payable from restricted assets:		
Accounts payable	113	48
Interest payable on revenue bonds	227	244
Current portion of revenue bonds	1,750	1,715
	<u>2,090</u>	<u>2,007</u>
Total current liabilities payable from restricted assets		
Total current liabilities	<u>2,187</u>	<u>2,110</u>
Noncurrent liabilities:		
Deposits subject to refund	4	4
Revenue bonds payable	12,720	14,470
Unamortized premium	559	660
	<u>13,283</u>	<u>15,134</u>
Total noncurrent liabilities		
Total liabilities	<u>15,470</u>	<u>17,244</u>
<u>NET POSITION</u>		
Net investment in capital assets	14,574	13,546
Restricted for:		
Debt service	2,085	1,890
Unrestricted	2,370	1,841
	<u>19,029</u>	<u>17,277</u>
Total net position	<u>\$ 19,029</u>	<u>\$ 17,277</u>

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

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
	(In Thousands)	
Operating revenues:		
Parking facilities income	\$ 6,975	\$ 6,032
Rental income	181	167
	<u>7,156</u>	<u>6,199</u>
Total operating revenues		
Operating expenses:		
Contracting services	3,102	2,928
General and administrative	332	231
Repairs and maintenance	500	118
Depreciation	1,027	1,124
	<u>4,961</u>	<u>4,401</u>
Total operating expenses		
Operating income	<u>2,195</u>	<u>1,798</u>
Nonoperating revenues (expenses):		
Investment income	13	22
Interest and amortization expense	(456)	(490)
	<u>(443)</u>	<u>(468)</u>
Net nonoperating expenses		
Income before contributions	1,752	1,330
Capital contributions:		
Payments from Tulsa Development Authority	-	20
Change in net position	<u>1,752</u>	<u>1,350</u>
Net position, beginning of year	<u>17,277</u>	<u>15,927</u>
Net position, end of year	<u>\$ 19,029</u>	<u>\$ 17,277</u>

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

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
	(In Thousands)	
Cash flows from operating activities:		
Cash received from customers, including cash deposits	\$ 7,128	\$ 6,165
Cash payments to suppliers for goods and services	(3,808)	(3,206)
Cash payments for quasi-external operating transactions	<u>(211)</u>	<u>(150)</u>
Net cash provided by operating activities	<u>3,109</u>	<u>2,809</u>
Cash flows from noncapital financing activities:		
Principal paid on revenue bonds	(370)	(355)
Interest paid on revenue bonds	(92)	(105)
Payment for forward delivery agreement	(3,365)	(1,462)
Receipts from forward delivery agreement	<u>3,360</u>	<u>1,329</u>
Net cash used by noncapital financing activities	<u>(467)</u>	<u>(593)</u>
Cash flows from capital and related financing activities:		
Payments from Tulsa Development Authority	-	20
Principal paid on revenue bonds	(1,345)	(1,320)
Interest paid on revenue bonds	(379)	(400)
Acquisition and construction of capital assets	<u>(60)</u>	<u>(648)</u>
Net cash used by capital and related financing activities	<u>(1,784)</u>	<u>(2,348)</u>
Cash flows from investing activities:		
Investment income received	16	14
Purchase of investments	(501)	(999)
Sale or maturity of investments	<u>999</u>	<u>2,524</u>
Net cash provided by investing activities	<u>514</u>	<u>1,539</u>
Net change in cash and cash equivalents	1,372	1,407
Cash and cash equivalents, beginning of year	<u>3,036</u>	<u>1,629</u>
Cash and cash equivalents, end of year	<u>\$ 4,408</u>	<u>\$ 3,036</u>

(Continued)

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

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF CASH FLOWS, Continued
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
	(In Thousands)	
Reconciliation of cash and cash equivalents to the Statements of Net Position:		
Current unrestricted cash and cash equivalents	\$ 3,126	\$ 1,870
Current restricted cash and cash equivalents	1,172	1,061
Restricted cash and cash equivalents	<u>110</u>	<u>105</u>
Total cash and cash equivalents	<u>\$ 4,408</u>	<u>\$ 3,036</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,195	\$ 1,798
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,027	1,124
Increase in accounts receivable	(42)	(44)
Increase in prepaid expense	(156)	(64)
Increase (decrease) in accounts payable	71	(15)
Increase in unearned revenue	<u>14</u>	<u>10</u>
Net cash provided by operating activities	<u>\$ 3,109</u>	<u>\$ 2,809</u>
Noncash capital and investing activities:		
Purchase of capital assets in accounts payable and accrued liabilities	\$ -	\$ 25
Increase in fair value of investments	\$ 4	\$ 11

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

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2015 and 2014

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

NATURE OF BUSINESS - Tulsa Parking Authority (the “Authority”) was formed by the City of Tulsa, Oklahoma (“the City”) in 1963 to develop and operate parking facilities for the benefit of the residents of the City and for the purpose of providing parking facilities to the general public. Trustees include the Mayor of the City or his appointee and four additional trustees appointed by the Mayor.

REPORTING ENTITY - The Authority is a public trust whose trustees consist of the Mayor and four trustees who are appointed by the Mayor. The City provides certain resources to the Authority. The City is the sole beneficiary of the trust and will receive the remaining assets of the trust upon termination. 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.

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

The 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. Voluntary nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions. Investment income and voluntary nonexchange transactions are included in nonoperating revenues and expenses.

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

Cash and cash equivalents balances, other than petty cash and non-pooled investments, are pooled with the City’s cash and investments and invested by the City’s Treasurer. Interest income on pooled cash and investments is allocated monthly based on the percentage of the Authority’s average daily equity in the pooled portfolio to the total average daily pooled portfolio balance.

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 internal pool, to be cash equivalents.

INVESTMENTS - Investments consist of obligations of the U.S. Treasury and various federal agencies and instrumentalities, investment agreements with financial institutions and money market funds. These investments are held by bond trustees and invested in accordance with the requirements and terms of various bond indentures.

ULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued
June 30, 2015 and 2014

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

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

The Authority experienced increases in the fair value of investments of approximately \$4 and \$11, for the years ended June 30, 2015 and 2014, respectively. Realized gains and losses as well as changes in fair value of investments are reported in investment income or loss in the Statement of Revenues, Expenses, and Changes in Net Position.

OTHER ASSETS – Other Assets on the Statements of Net Position are related to the Forward Delivery Agreement. The agreement requires the counterparty to collateralize the amounts in the contract with appropriate securities to be held by a trustee.

CAPITAL ASSETS – Capital assets purchased or acquired are carried at historical cost; contributed assets are recorded at fair market value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Interest incurred during the construction phase of capital assets of the enterprise activities is included as part of the capitalized value of the assets constructed. Capital assets which are sold or disposed have their cost and related accumulated depreciation removed from the records. The related gain or loss is recorded in the period of sale or disposal.

DEPRECIATION – Capital assets placed in service are depreciated over the following estimated service lives and have the following capital thresholds:

Land Improvements	25 years	\$5
Buildings	30 years	\$5
Equipment	5-15 years	\$5

RESTRICTED ASSETS - Restricted assets consist primarily of cash and investments held by a bank trustee for debt service payments and managed pursuant to a bond indenture.

BOND PREMIUMS - Premiums are amortized over the life of the revenue bonds using the effective interest method.

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

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued
June 30, 2015 and 2014

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

DEFERRED CHARGES ON REFUNDING - Deferred charges on refunding represents the difference in the reacquisition price and the net carrying amount of the old debt. These charges are presented as a deferred outflow of resources, amortized using the effective interest method, and recognized as a component of interest expense over the life of the old or new debt, whichever is shorter.

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

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

2. CASH DEPOSITS AND INVESTMENTS

POOLED CASH AND INVESTMENTS – A portion of the cash deposits of the Authority are maintained within the City's pooled cash and investments portfolio. Pooled cash and investments consist primarily of time deposits and other securities guaranteed by the U.S. government or its agencies and are recorded at fair value. At June 30, 2015 and 2014, pooled cash and investments amounted to \$595 and \$513, respectively.

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued
June 30, 2015 and 2014

2. CASH DEPOSITS AND INVESTMENTS, continued

For the years ended, the Authority had the following non-pooled investments.

June 30, 2015	Fair Value	Maturities in Years	
		Less than 1	1-5
Type			
U.S. agency obligations	\$ 1,001	\$ 1,001	\$ -
U.S. Treasury securities	1,001	1,001	-
Money market mutual funds	3,730	3,730	-
	<u>\$ 5,732</u>	<u>\$ 5,732</u>	<u>\$ -</u>

June 30, 2014	Fair Value	Maturities in Years	
		Less than 1	1-5
Type			
U.S. agency obligations	\$ 1,505	\$ 503	\$ 1,002
U.S. Treasury securities	999	499	500
Money market mutual funds	2,424	2,424	-
	<u>\$ 4,928</u>	<u>\$ 3,426</u>	<u>\$ 1,502</u>

Interest Rate Risk

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

Non-pooled investments – For investments not restricted by bond requirements, the Authority also utilizes the City’s investment policy as a means of limiting its exposure to fair value losses arising from rising interest rates. For restricted investments, bond requirements limit the type of investments that can be acquired. Non-pooled investments consist of U.S. agency obligations, U.S. Treasury Notes and money market mutual funds. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

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

Pooled investments – The City’s investment policy prohibits purchasing any investments rated below AA at the time of purchase. As of June 30, 2015 and 2014, the U.S. agencies obligations included in the City’s pooled investment portfolio were rated Aaa and AA+ by Moody’s and Standard & Poor’s, respectively.

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued
June 30, 2015 and 2014

2. CASH DEPOSITS AND INVESTMENTS, continued

Non-pooled investments – The Authority utilizes the City’s investment policy to limit its exposure to credit risks. At June 30, 2015, the Authority’s investments in U. S. agencies obligations not directly guaranteed by the U. S. government were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investors Service, respectively. The Authority’s money market mutual funds were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investment Services, respectively.

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

Pooled deposits and investments – The City’s investment policy requires that demand deposits be collateralized at least by 110% of the amount that is not federally insured. Securities pledged as collateral are held by a third party. Joint custody safekeeping receipts are held in the name of the depository institution, but pledged to the City. The securities cannot be released, substituted or sold without the City’s approval and release of the security. Certificates of deposit are, according to the City’s investment policy, to be collateralized at least by 102% of the amount that is not federally insured. As of June 30, 2015 and 2014, none of the deposits in the pooled portfolio were exposed to custodial credit risk. All safekeeping receipts for investment instruments are held in accounts in the City’s name and all securities are registered in the City’s name. Therefore, none of the Authority’s pooled investments as of June 30, 2015 and 2014 were exposed to custodial credit risk.

Non-pooled deposits and investments – The Authority’s deposit policy for custodial credit risk requires compliance with provisions of state law and that demand deposits be collateralized at least 110% of the amount that is not federally insured. As of June 30, 2015 and 2014, the Authority’s bank balances of deposits with financial institutions of \$83 and \$99, respectively, were not exposed to custodial credit risk. 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. All of the underlying securities for the Authority’s investments in U.S. agency obligations at June 30, 2015 and 2014 are insured or are registered securities held by the Authority or by its agent in the Authority’s name.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested in any one issuer. The Authority’s investment in mutual funds is not subject to concentration of credit risk disclosure.

Pooled investments – At June 30, 2015, the City’s investments in Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association constituted approximately 19%, 18%, 17%, and 15%, respectively, of its total pooled investment portfolio. At June 30, 2014, the City’s investments in Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association constituted approximately 19%, 18%, 19%, and 18%, respectively, of its total pooled investment portfolio.

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued
June 30, 2015 and 2014

2. CASH DEPOSITS AND INVESTMENTS, continued

Non-pooled investments – At June 30, 2015 the Authority’s investments in money market mutual funds, U.S. Treasury Notes and Federal National Mortgage Association constituted approximately 65%, 17% and 18% of its total investments, respectively. At June 30, 2014 the Authority’s investments in money market mutual funds, U.S. Treasury Notes, Federal Home Loan Banks, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation constituted approximately 49%, 20%, 10% and 21% of its total investments, respectively.

RECONCILIATION TO STATEMENTS OF NET POSITION - A reconciliation of pooled cash and investments, and non-pooled investments to the carrying amounts on the statements of net position is as follows:

	<u>2015</u>	<u>2014</u>
Pooled cash and investments	\$ 595	\$ 513
Non-pooled cash	83	99
Non-pooled investments	<u>5,732</u>	<u>4,928</u>
	<u>\$ 6,410</u>	<u>\$ 5,540</u>
Current cash and cash equivalents	\$ 3,126	\$ 1,870
Current investments	1,001	1,002
Current cash and cash equivalents, restricted	1,172	1,061
Current investments, restricted	1,001	-
Noncurrent cash and cash equivalents, restricted	110	105
Noncurrent investments	-	500
Noncurrent investments, restricted	<u>-</u>	<u>1,002</u>
	<u>\$ 6,410</u>	<u>\$ 5,540</u>

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued
June 30, 2015 and 2014

3. CAPITAL ASSETS

The changes in capital assets during the years ended June 30, 2015 and 2014 are summarized as follows:

June 30, 2015	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	\$ 7,230	\$ -	\$ -	\$ 7,230
Construction in progress	206	37	(243)	-
Total nondepreciable capital assets	<u>7,436</u>	<u>37</u>	<u>(243)</u>	<u>7,230</u>
Depreciable capital assets:				
Land improvements	637	-	-	637
Buildings	48,844	240	-	49,084
Equipment	924	-	-	924
Total depreciable capital assets	<u>50,405</u>	<u>240</u>	<u>-</u>	<u>50,645</u>
Less accumulated depreciation:				
Land improvements	(13)	(25)	-	(38)
Buildings	(30,365)	(917)	-	(31,282)
Equipment	(625)	(85)	-	(710)
Total accumulated depreciation	<u>(31,003)</u>	<u>(1,027)</u>	<u>-</u>	<u>(32,030)</u>
Total depreciable capital assets, net	<u>19,402</u>	<u>(787)</u>	<u>-</u>	<u>18,615</u>
Capital assets, net	<u>\$ 26,838</u>	<u>\$ (750)</u>	<u>\$ (243)</u>	<u>\$ 25,845</u>
June 30, 2014	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	\$ 7,230	\$ -	\$ -	\$ 7,230
Construction in progress	258	600	652	206
Total nondepreciable capital assets	<u>7,488</u>	<u>600</u>	<u>652</u>	<u>7,436</u>
Depreciable capital assets:				
Land improvements	20	617	-	637
Buildings	48,809	35	-	48,844
Equipment	924	-	-	924
Total depreciable capital assets	<u>49,753</u>	<u>652</u>	<u>-</u>	<u>50,405</u>
Less accumulated depreciation:				
Land improvements	-	(13)	-	(13)
Buildings	(29,338)	(1,027)	-	(30,365)
Equipment	(541)	(84)	-	(625)
Total accumulated depreciation	<u>(29,879)</u>	<u>(1,124)</u>	<u>-</u>	<u>(31,003)</u>
Total depreciable capital assets, net	<u>19,874</u>	<u>(472)</u>	<u>-</u>	<u>19,402</u>
Capital assets, net	<u>\$ 27,362</u>	<u>\$ 128</u>	<u>\$ 652</u>	<u>\$ 26,838</u>

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued
June 30, 2015 and 2014

4. PARKING REVENUE BONDS

The Authority has issued revenue bonds for the purpose of constructing parking facilities, making major renovations to parking facilities and refunding prior issues of revenue bonds.

Bond activity during the year ended June 30, 2015 is as follows:

<u>Bonds, Series and Maturity Dates</u>	<u>Issue Amount</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Refunding Series 2012, 2029	\$ 17,860	2.0% - 4.0%	\$ 16,185	\$ -	\$ 1,715	\$ 14,470	\$ 1,750
			\$ 16,185	\$ -	\$ 1,715	\$ 14,470	\$ 1,750

Bond activity during the year ended June 30, 2014 is as follows:

<u>Bonds, Series and Maturity Dates</u>	<u>Issue Amount</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Refunding Series 2012, 2029	\$ 17,860	2.0% - 4.0%	\$ 17,860	\$ -	\$ 1,675	\$ 16,185	\$ 1,715
			\$ 17,860	\$ -	\$ 1,675	\$ 16,185	\$ 1,715

COLLATERAL - The Series 2012 Bonds are collateralized solely by the monies and assets in the Trust Estate. The Trust Estate is defined as the revenues; any parking subscription agreements or guarantee agreements; any subordinate lien or claim upon non-system revenues; the Authority's interest in the Civic Center Parking Facility, Main Street Parking Facility, the 100 West Facility and the North and South Garages; all of the Authority's right, title and interest under the Amended Project Site Lease Agreement (dated as of September 1, 1985) between the City and the Authority; and any concession fees or charges and lease rentals derived from any rental space owned or operated by the Authority or operated for the benefit of the Authority.

TULSA PARKING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued
June 30, 2015 and 2014

4. PARKING REVENUE BONDS, continued

COVENANT - The revenue bonds contain certain covenants. The covenants require that gross revenue of the parking system, as defined by the Master Bond Indenture, less direct operating expenses provide for a minimum debt service coverage ratio of 1.00 to 1.00.

PRINCIPAL AND INTEREST PAYMENTS IN SUBSEQUENT YEARS – Principal and interest payments in subsequent years are as follows:

	Series 2012	
	<u>Principal</u>	<u>Interest</u>
2016	1,750	436
2017	1,790	392
2018	1,855	337
2019	1,910	281
2020	970	238
2021-2025	2,905	834
2026-2030	3,290	234
	<u>\$ 14,470</u>	<u>\$ 2,752</u>

DEBT SERVICE FORWARD DELIVERY AGREEMENT - In 1995, the Authority entered into a Debt Service Forward Delivery Agreement (the “Agreement”) with Bank One, as trustee for the Authority, and Wachovia Bank, National Association (“Wachovia”). The Authority entered into this agreement in order to lessen the Authority’s exposure to declining interest rates associated with the Authority’s investment of cash balances. Under the terms of the Agreement, the Authority received a fee of \$275. This fee was recognized as interest income over the life of the original agreement. In 2002, in conjunction with the refunding of the Series 1985 Bonds, the Agreement was amended and extended through the life of the Series 2002 Bonds. In 2012, in conjunction with the refunding of the Series 2002 Bonds the Agreement was amended. The amendment allowed for the Agreement to continue for the same period of time and amount even though the bonds were refunded. Unless terminated earlier, the agreement continues through July 1, 2018.

In consideration of the monthly debt service deposit, Wachovia will deliver qualified securities as collateral to the Trustee on the stated delivery dates. The Trustee, from the funds provided by the debt service deposit, will purchase the securities for an amount equal to the maturity amount. The maturity amount is the amount payable in cash, representing principal and interest due based on the original maturity date of the 2002 bonds that were defeased. At delivery of the securities to the Trustee, the delivery notice specifies the maturity amount (amount paid by the Trustee) and the market value of the securities and any difference (the differential). The Trustee holds these securities until the next bond payment, which at that time, the securities mature and the proceeds are used to make principal and interest payments on the outstanding Series 2012 bonds. In terms of credit risk, the monthly debt service funds deposited with Wachovia are 100% collateralized by acceptable securities. The collateral could be liquidated by the Trustee should Wachovia fail to fulfill the Agreement. As of June 30, 2015 and 2014, the value of the collateral is \$1,020 and \$1,015, respectively, and is reported as other assets on the Statement of Net Position.

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued
June 30, 2015 and 2014

5. PARKING REVENUES PLEDGED

The Authority has pledged future gross revenues derived from the operations of the parking facilities to repay \$17,860 in revenue bonds issued. Proceeds from the bonds provided financing for various parking facilities and debt refundings. The bonds are payable solely from gross revenues and are payable through July 2028. Principal payments were \$1,715 and \$1,675 in 2015 and 2014, respectively. Interest paid for 2015 and 2014 was \$471 and \$505, respectively. Annual principal and interest payments on the bonds required 30% and 35% of gross revenues in 2015 and 2014. Total gross revenues were \$7,170 and \$6,221 in 2015 and 2014. The total principal and interest remaining to be paid on the bonds is \$17,222.

6. PARKING FACILITY LEASES

The Authority and the City have entered into two operating leases, which relate to the construction and financing of the Civic Center Parking Facilities. All leases are for a period sufficient to retire the long-term financing of the Facilities. Lease payments from the Authority to the City are nominal.

The Lease Agreement with respect to the Underground Parking Facility also permits the Authority to release the Underground Parking Facility to the City upon the substitution of property satisfactory to the Authority which will yield equivalent revenues. The term of each of the Lease Agreements extends so long as there remains outstanding indebtedness secured by a pledge of revenues of the System.

The operating leases are:

Site Lease – Includes an area north of the existing Cox Business Center building upon which the Civic Center Parking Facilities have been constructed.

Underground Lot Lease – Includes the area underneath the Civic Center complex containing approximately 515 spaces. The lease also includes metered parking on the street level of the complex. Revenues derived from both areas are assigned to the Authority.

7. OPERATING AGREEMENTS

The Authority has entered into various operating agreements for the operations and maintenance of System parking facilities in accordance with the Bond Indenture. Pursuant to the operating agreements, the operator is responsible for submitting an annual budget and, if necessary any revisions thereto to the Authority, including among other things, adjustments to the current rate structure of charges for parking, subject in all events to the adoption and approval by the Authority. The agreements generally provide that the Authority will advance funds to the operator to pay operating costs on a monthly basis, based upon the budget. Included in the operating costs was a management fee of \$64 and \$64 for years ended June 30, 2015 and 2014, respectively. The management fee is included in Contracting Services on the Statement of Revenues, Expenses and Changes in Net Position. A settlement is made annually when the actual expenses incurred by the operator are known. All revenues received from the parking facilities are deposited with the bond trustee.

TULSA PARKING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued
June 30, 2015 and 2014

7. OPERATING AGREEMENTS, continued

100 West Facility- Operated by American Parking, Inc. (“American”). Under this agreement, the Authority incurred costs of \$497 and \$522 for the years ended June 30, 2015 and 2014, respectively.

Main Street Parking Facility and retail areas- Operated by American. Under this agreement, the Authority incurred costs of \$721 and \$647 for the years ended June 30, 2015 and 2014, respectively.

Civic Center Parking Facilities- Operated by American. Under this agreement the Authority incurred costs of \$639 and \$597 for the years ended June 30, 2015 and 2014, respectively.

North and South Parking Facilities- Operated by Central Parking Systems, Inc. (“Central”). Under this agreement, the Authority incurred costs of \$1,190 and \$1,154 for the years ended June 30, 2015 and 2014, respectively.

The Authority has an operating agreement with the Tulsa Performing Arts Center Trust (“TPACT”) wherein the Authority will manage a parking lot owned by TPACT. The Authority in turn has an operating agreement with Central to operate the TPACT parking lot. In exchange for its services, the Authority receives a management fee of \$5 annually.

8. 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 commercial property. 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.

9. COMMITMENTS

As of June 30, 2015, the Authority had no open construction commitments.

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued
June 30, 2015 and 2014

10. RELATED PARTY TRANSACTIONS

During the years ended, the Authority conducted the following transactions with related parties.

	<u>2015</u>	<u>2014</u>
Payments to City of Tulsa - General Fund for support services	\$ 211	\$ 150
Payments from Tulsa Performing Arts Center Trust for management of a parking lot	\$ 5	\$ 5
Payments from Tulsa Development Authority (tax increment financing district) for capital improvements	\$ -	\$ 20

Additionally, the Authority receives payments for employee and department parking from the City. Rates charged to the City are at market rate.

11. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS

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

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

TULSA PARKING AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
OTHER STATISTICAL INFORMATION (Unaudited)

PARKING SYSTEM – The system’s parking facilities currently provide 6,363 parking spaces. The facilities and spaces are as follows:

- Main Street Parking Facility (1,167 spaces)
- Civic Center Parking Facility (1,395 spaces)
- Underground Parking Facility (515 spaces)
- Metered Spaces adjacent to the Civic Center (238 spaces)
- South Garage (759 spaces)
- North Garage (1,098 spaces)
- 100 West Facility (1,191 spaces)

DEBT SERVICE COVERAGE – The following table presents ten-years of debt service coverage under the Master Bond Indenture. Gross revenue of the System is defined by the terms of the Master Bond Indenture. Revenues derived outside of the System are excluded. The required minimum coverage is 1.00 to 1.00.

<u>Year</u>	<u>Gross¹ Revenue</u>	<u>Direct Operating Expenses</u>	<u>Available for Debt Service</u>	<u>Principal²</u>	<u>Debt Service Interest</u>	<u>Total</u>	<u>Coverage</u>
2015	\$ 7,169	\$ 3,934	\$ 3,235	\$ 1,715	\$ 471	\$ 2,186	1.48
2014	6,221	3,277	2,944	1,675	505	2,180	1.35
2013	6,394	3,966	2,428	-	277	277	8.78
2012	6,103	3,438	2,666	1,420	1,245	2,665	1.00
2011	5,860	3,580	2,281	1,375	905	2,280	1.00
2010	5,760	2,834	2,926	1,330	951	2,281	1.28
2009	5,839	2,655	3,184	1,280	997	2,277	1.40
2008	5,280	2,343	2,937	1,235	1,042	2,277	1.29
2007	5,458	2,201	3,257	1,195	1,083	2,278	1.43
2006	5,233	2,921	2,312	1,130	1,124	2,254	1.03

Note 1- Gross revenues as defined by the terms of the bond indenture. In 2011 \$147 of revenue was derived from prior years’ excess net revenues.

Note 2- In 2013 no principal payments were due based on the repayment schedule of the 2012 Refunding bonds.

