

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)

FINANCIAL REPORT
June 30, 2021 and 2020

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
INDEX
Years Ended June 30, 2021 and 2020

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statements of Net Position	10
Statements of Revenues, Expenses and Changes in Net Position	12
Statements of Cash Flows	13
Notes to Basic Financial Statements	15
Required Supplementary Information	44



RSM US LLP

Independent Auditor's Report

Board of Trustees
Tulsa Metropolitan Utility Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Tulsa Metropolitan Utility Authority (the Authority), a component unit of the City of Tulsa, Oklahoma, as of and for the years ended June 30, 2021 and 2020, and the related notes to the basic 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 opinions 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Authority, as of June 30, 2021 and 2020, 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, and pension and other postemployment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

RSM US LLP

Kansas City, Missouri
December 22, 2021

**TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT’S DISCUSSION AND ANALYSIS
Years Ended June 30, 2021 and 2020**

As management of the Tulsa Metropolitan Utility 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 years ended June 30, 2021 and 2020. We encourage readers to consider the information presented here in conjunction with the Authority’s financial statements, which begin on page 10. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the current year by \$1,377,463. Of this amount, \$208,608 is unrestricted and may be used to meet the Authority’s ongoing obligations.
- The Authority’s net position increased from \$1,301,571 at June 30, 2020 to \$1,377,463 at June 30, 2021. During 2021, the Authority generated an increase in net position of \$75,892 compared to an increase in net position of \$82,750 during 2020.
- The Authority’s cash and cash equivalents at June 30, 2021, were \$311,599, representing a decrease of \$17,990 from June 30, 2020.

Overview of the Financial Statements

The Authority, a legally separate public trust, is reported by the City as a discretely presented component unit in the City’s Annual Comprehensive Financial Report. The primary function of the Authority is to provide for water delivery and wastewater utility systems.

This discussion and analysis is intended to serve as an introduction to the Authority’s audit report. The audit report consists of two parts: management’s discussion and analysis, and the financial statements. The financial statements also include notes that explain in more detail some of the information in the financial statements.

**TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
Years Ended June 30, 2021 and 2020**

Required Financial Statements

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

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

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
Years Ended June 30, 2021 and 2020

Net Position

The Authority's net position increased \$75,892 for the year ended June 30, 2021 and \$82,750 for the year ended June 30, 2020. The following table provides a summary of net position.

SUMMARY OF NET POSITION

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current assets, unrestricted	\$ 284,945	\$ 279,013	\$ 251,254
Restricted assets	85,977	88,988	84,506
Capital assets, net	1,448,858	1,387,406	1,332,976
Other assets	<u>37,755</u>	<u>32,887</u>	<u>27,850</u>
Total assets	<u>1,857,535</u>	<u>1,788,294</u>	<u>1,696,586</u>
Total deferred outflows of resources	<u>14,087</u>	<u>11,909</u>	<u>12,772</u>
Current liabilities	83,979	82,003	72,102
Noncurrent liabilities	<u>386,588</u>	<u>413,757</u>	<u>413,959</u>
Total liabilities	<u>470,567</u>	<u>495,760</u>	<u>486,061</u>
Total deferred inflows of resources	<u>23,592</u>	<u>2,872</u>	<u>4,476</u>
Net investment in capital assets	1,153,457	1,085,039	1,024,339
Restricted	15,398	14,355	14,859
Unrestricted	<u>208,608</u>	<u>202,177</u>	<u>179,623</u>
Total net position	<u>\$ 1,377,463</u>	<u>\$ 1,301,571</u>	<u>\$ 1,218,821</u>

In 2021 total assets increased \$69,241. The increase in unrestricted current assets of \$5,932 is primarily related to increases in cash of \$4,111, net utilities receivables of \$951 and other receivable of \$897. The net decrease in restricted assets of \$3,011 is primarily attributable to spending of debt proceeds to fund capital. The \$61,452 increase in capital assets is consistent with the improvement and expansion of both utility systems and is necessary to provide adequate services to our customers and to assure compliance with all applicable laws and regulations. Total deferred outflows of resources increased \$2,178 primarily due to an increase in deferred outflows of pension related resources of \$2,795 offset by decrease in deferred charge on refunding of \$445. Total liabilities decreased \$25,193 due primarily to decreases in net pension liability of \$18,402, general obligation debt of \$2,338, unamortized bond premiums of \$2,461 and decrease in promissory notes payable of \$37,610 offset by increase in revenue bonds payable of \$35,775 due to the new issue. Total deferred inflows of resources increased \$20,720 primarily due to increases in pension related items of \$20,039.

**TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
Years Ended June 30, 2021 and 2020**

In 2020 total assets increased \$91,708. The increase in unrestricted current assets of \$27,759 is primarily related to increases in cash of \$24,262 and in net utilities receivables of \$3,577. The net increase in restricted assets of \$4,482 is primarily attributable to increase in proceeds received for promissory notes off set by spending of debt proceeds to fund capital. The \$54,430 increase in capital assets is consistent with the improvement and expansion of both utility systems and is necessary to provide adequate services to our customers and to assure compliance with all applicable laws and regulations. Total deferred outflows of resources decreased \$863 primarily due to a decrease in deferred outflows of pension related resources of \$914. Total liabilities increased \$9,699 due primarily to increases in promissory notes payable of \$14,274, accrued liabilities of \$8,468 and net pension liability of \$5,602, offset by decreases in revenue bonds payable of \$15,500 and unamortized bond premiums of \$2,563. Total deferred inflows of resources decreased \$1,604 primarily due to decreases in pension related items of \$1,216.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
Years Ended June 30, 2021 and 2020

SUMMARY OF CHANGES IN NET POSITION

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenue	\$ 251,453	\$ 246,156	\$ 234,766
Nonoperating revenue	2,500	2,209	2,470
Investment income	<u>1,478</u>	<u>6,328</u>	<u>7,098</u>
Total revenues	<u>255,431</u>	<u>254,693</u>	<u>244,334</u>
Depreciation expense	43,819	42,259	40,590
Other operating expense	118,023	121,687	116,617
Nonoperating expense	<u>26,010</u>	<u>24,418</u>	<u>25,307</u>
Total expenses	<u>187,852</u>	<u>188,364</u>	<u>182,514</u>
Income before contributions	67,579	66,329	61,820
Capital contributions	8,294	16,328	10,156
Capital contributions from City of Tulsa	19	93	571
Total capital contributions	<u>8,313</u>	<u>16,421</u>	<u>10,727</u>
Change in net position	75,892	82,750	72,547
Net position, beginning of year	<u>1,301,571</u>	<u>1,218,821</u>	<u>1,146,274</u>
Net position, end of year	<u>\$ 1,377,463</u>	<u>\$ 1,301,571</u>	<u>\$ 1,218,821</u>

In 2021, total revenues increased \$738, due primarily to increase in operating revenue of \$5,297 resulting from increased wastewater rates and increases in water usage offset by decreases in investment income of \$4,850. Other operating expenses decreased \$3,664 due to decrease in personal services of \$5,581, offset by increase in other services and charges of \$2,614 related to increases in water and sewer line repairs and gas utility charges related to the winter storm. Nonoperating expenses increased \$1,592, due to increases in payments in lieu of taxes (“PILOT”) of \$954 and new bond issuance costs of \$577 offset by decreases in interest and amortization expense of \$61. Capital contribution decreased \$8,108 primarily related to decreases in contributed water and wastewater lines. As a result of these changes, net position increased \$75,892 during the year.

In 2020, total revenues increased \$10,359, due primarily to increase in operating revenue of \$11,390 resulting from increased rates for both water and wastewater offset by decreases in investment income of \$770 and nonoperating revenue of \$261. Other operating expenses increased \$5,070 due to increase in personal services of \$1,828, other services and charges of \$1,930 related to increases in water and sewer line repairs and wastewater flow monitoring, and materials and supplies of \$1,312. Nonoperating expenses decreased \$889, due to a decrease in interest and amortization expense of \$1,870 offset by increases in payments in lieu of taxes (“PILOT”) of \$1,252 and no new bond issuance costs. Capital contribution increased \$5,694 primarily related to increases in contributed water and wastewater lines. As a result of these changes, net position increased \$82,750 during the year.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
Years Ended June 30, 2021 and 2020

Capital Assets

The Authority’s investment in capital assets as of June 30, 2021 and 2020 was \$1,448,858 and \$1,387,406, respectively (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, equipment and a water storage lease. The Authority paid \$95,356 and \$73,314 during 2021 and 2020, respectively, related to the acquisition and purchase of capital assets.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land	\$ 38,177	\$ 36,771	\$ 36,645
Water storage lease	9,593	9,593	9,593
Buildings	53,443	52,608	51,205
Equipment	84,566	80,287	79,055
Land improvements, water and sewer lines	<u>2,054,908</u>	<u>1,981,933</u>	<u>1,885,273</u>
	2,240,687	2,161,192	2,061,771
Less accumulated depreciation	(863,936)	(823,200)	(784,962)
Construction-in-progress	<u>72,107</u>	<u>49,414</u>	<u>56,167</u>
Capital assets, net	<u>\$ 1,448,858</u>	<u>\$ 1,387,406</u>	<u>\$ 1,332,976</u>

Debt

At June 30, 2021 and 2020, the Authority had outstanding general obligation bonded debt of \$5,308 and \$7,646, respectively. These bonds are required to be fully paid within 25 years from the date of issue and are backed by the full faith and credit of the City. The City’s Charter requires that not less than 50% of the annual principal and interest requirements on general obligation bonds issued for waterworks and wastewater be funded by water and wastewater revenues, respectively.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
General obligation bonds	\$ 5,308	\$ 7,646	\$ 9,985
Revenue bonds	194,875	159,100	174,600
Promissory notes	<u>149,719</u>	<u>187,329</u>	<u>173,055</u>
Total debt	<u>\$ 349,902</u>	<u>\$ 354,075</u>	<u>\$ 357,640</u>

During 2021, the Authority issued new debt to fund improvements to the water and wastewater systems. The Authority’s debt decreased \$4,173 or 1% during 2021. As an issuer of bonds, the Authority is subject to numerous covenants contained within the bond indentures. The Authority is in full compliance with all of these covenants.

**TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
Years Ended June 30, 2021 and 2020**

Funds

The Authority has two funds, the Water Fund and the Sewer Fund. At June 30, 2021, the Water Fund net position of \$696,262 reflected an increase of \$32,064 from the net position of \$664,198 at June 30, 2020. At June 30, 2021, the Sewer Fund net position of \$681,201 reflected an increase of \$43,828 from the net position of \$637,373 at June 30, 2020.

Economic factors and next year's budgets and rates

At the national level, unemployment decreased to 5.9 percent at June 30, 2021. Unemployment in the City of Tulsa was 3.9 percent at the end of fiscal year 2021 compared to 7.1 percent at the end of fiscal year 2020. The Authority continues to have consistent accounts receivable collections.

The Authority's appointed officials considered many factors when setting the fees that will be charged for water and sewer services in 2022. The Authority approved no rate increase in water fees and a 3 percent rate increase in sewer fees beginning in October 2021. The fee increases are to fund operations, maintenance, debt service, and capital improvements.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Controller, 175 E. Second Street, Suite 1570, Tulsa, Oklahoma 74103.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF NET POSITION
June 30, 2021 and 2020

(In thousands of dollars)	2021			2020		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 143,713	\$ 100,999	\$ 244,712	\$ 146,173	\$ 94,428	\$ 240,601
Cash and cash equivalents, restricted	18,770	10,001	28,771	19,020	8,568	27,588
Accounts receivable:						
Utility services receivable, net	15,870	18,227	34,097	17,575	15,571	33,146
Other receivables	548	2,310	2,858	735	1,226	1,961
Property tax receivable	-	545	545	-	944	944
Prepaid expenses	141	92	233	162	57	219
Inventories	2,312	188	2,500	1,964	178	2,142
Total current assets	<u>181,354</u>	<u>132,362</u>	<u>313,716</u>	<u>185,629</u>	<u>120,972</u>	<u>306,601</u>
Noncurrent assets:						
Cash and cash equivalents, restricted	9,654	28,462	38,116	24,608	36,792	61,400
Investments, restricted	7,503	11,587	19,090	-	-	-
Interest receivable	29	16	45	-	1	1
Equity interest in joint venture	-	37,710	37,710	-	32,886	32,886
Nondepreciable capital assets	69,541	50,336	119,877	55,972	39,806	95,778
Depreciable capital assets, net	<u>591,086</u>	<u>737,895</u>	<u>1,328,981</u>	<u>571,750</u>	<u>719,878</u>	<u>1,291,628</u>
Total noncurrent assets	<u>677,813</u>	<u>866,006</u>	<u>1,543,819</u>	<u>652,330</u>	<u>829,363</u>	<u>1,481,693</u>
Total assets	<u>\$ 859,167</u>	<u>\$ 998,368</u>	<u>\$ 1,857,535</u>	<u>\$ 837,959</u>	<u>\$ 950,335</u>	<u>\$ 1,788,294</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	1,236	134	1,370	1,624	191	1,815
Pension related items	6,158	5,810	11,968	4,754	4,419	9,173
Other postemployment benefits related items	<u>384</u>	<u>365</u>	<u>749</u>	<u>476</u>	<u>445</u>	<u>921</u>
Total deferred outflows of resources	<u>\$ 7,778</u>	<u>\$ 6,309</u>	<u>\$ 14,087</u>	<u>\$ 6,854</u>	<u>\$ 5,055</u>	<u>\$ 11,909</u>

(Continued)

The accompanying notes are an integral part of the financial statements

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF NET POSITION, Continued
June 30, 2021 and 2020

(In thousands of dollars)	2021			2020		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
<u>LIABILITIES</u>						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 18,268	\$ 16,239	\$ 34,507	\$ 16,766	\$ 17,634	\$ 34,400
Current portion of compensated absences	1,617	1,347	2,964	1,367	1,180	2,547
Current portion of water storage lease	235	-	235	227	-	227
Deposits subject to refund	11,732	641	12,373	11,989	641	12,630
Current portion of general obligation debt	-	1,762	1,762	-	2,338	2,338
Current portion of promissory notes	-	13,123	13,123	-	14,171	14,171
Current portion of revenue bonds	11,125	7,890	19,015	10,935	4,755	15,690
Total current liabilities	42,977	41,002	83,979	41,284	40,719	82,003
Noncurrent liabilities:						
General obligation debt	-	3,546	3,546	-	5,308	5,308
Promissory notes	-	136,596	136,596	-	173,158	173,158
Revenue bonds	80,030	95,830	175,860	91,155	52,255	143,410
Unamortized bond premium	3,142	7,772	10,914	4,006	9,369	13,375
Compensated absences	940	783	1,723	1,017	878	1,895
Total OPEB liability	1,571	1,401	2,972	1,589	1,408	2,997
Net pension liability	27,830	24,662	52,492	37,737	33,157	70,894
Water storage lease	2,485	-	2,485	2,720	-	2,720
Total noncurrent liabilities	115,998	270,590	386,588	138,224	275,533	413,757
Total liabilities	\$ 158,975	\$ 311,592	\$ 470,567	\$ 179,508	\$ 316,252	\$ 495,760
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred gain on refunding	-	994	994	-	27	27
Pension related items	11,563	10,217	21,780	1,023	718	1,741
Other postemployment benefits related items	145	128	273	84	76	160
Property tax revenue	-	545	545	-	944	944
Total deferred inflows of resources	\$ 11,708	\$ 11,884	\$ 23,592	\$ 1,107	\$ 1,765	\$ 2,872
<u>NET POSITION</u>						
Net investment in capital assets	568,459	584,998	1,153,457	532,673	552,366	1,085,039
Restricted for debt service	6,142	9,256	15,398	6,002	8,353	14,355
Unrestricted	121,661	86,947	208,608	125,523	76,654	202,177
Total net position	\$ 696,262	\$ 681,201	\$ 1,377,463	\$ 664,198	\$ 637,373	\$ 1,301,571

The accompanying notes are an integral part of the financial statements

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended June 30, 2021 and 2020

(In thousands of dollars)	2021			2020		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Operating revenues:						
Water and sewer services	\$ 124,308	\$ 127,145	\$ 251,453	\$ 122,182	\$ 123,974	\$ 246,156
Operating expenses:						
Personnel services	30,661	27,584	58,245	33,680	30,146	63,826
Materials and supplies	8,045	3,860	11,905	8,168	4,434	12,602
Other services and charges	24,782	23,091	47,873	22,937	22,322	45,259
Depreciation	20,697	23,122	43,819	19,681	22,578	42,259
Total operating expenses	84,185	77,657	161,842	84,466	79,480	163,946
Operating income	40,123	49,488	89,611	37,716	44,494	82,210
Nonoperating revenues (expenses):						
Investment income	976	502	1,478	4,324	2,004	6,328
Interest and amortization expense	(2,744)	(6,382)	(9,126)	(3,036)	(6,029)	(9,065)
Bond issuance costs	-	(577)	(577)	-	-	-
Ad valorem taxes	-	944	944	-	1,279	1,279
Federal grants noncapital	-	1,241	1,241	-	715	715
Payments in lieu of taxes to City of Tulsa	(8,539)	(7,768)	(16,307)	(7,965)	(7,388)	(15,353)
Other, net	175	140	315	151	64	215
Net nonoperating expenses	(10,132)	(11,900)	(22,032)	(6,526)	(9,355)	(15,881)
Income before capital contributions	29,991	37,588	67,579	31,190	35,139	66,329
Capital contributions	2,073	6,221	8,294	2,625	13,703	16,328
Capital contributions from City of Tulsa	-	19	19	5	88	93
Total capital contributions	2,073	6,240	8,313	2,630	13,791	16,421
Change in net position	32,064	43,828	75,892	33,820	48,930	82,750
Net position, beginning of year	664,198	637,373	1,301,571	630,378	588,443	1,218,821
Net position, end of year	\$ 696,262	\$ 681,201	\$ 1,377,463	\$ 664,198	\$ 637,373	\$ 1,301,571

The accompanying notes are an integral part of the financial statements

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

(In thousands of dollars)	2021			2020		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Cash flows from operating activities:						
Received from customers, including cash deposits	\$ 125,942	\$ 124,576	\$ 250,518	\$ 119,664	\$ 123,966	\$ 243,630
Payments to suppliers for goods and services	(32,853)	(26,097)	(58,950)	(30,740)	(26,654)	(57,394)
Payments to personnel for services	(31,122)	(27,772)	(58,894)	(30,582)	(27,233)	(57,815)
Net cash provided by operating activities	61,967	70,707	132,674	58,342	70,079	128,421
Cash flows from non-capital and related financing activities:						
Payments in lieu of taxes to the primary government	(8,539)	(7,768)	(16,307)	(7,965)	(7,388)	(15,353)
Operating grant received	-	67	67	-	-	-
Net cash used by non-capital and related financing activities	(8,539)	(7,701)	(16,240)	(7,965)	(7,388)	(15,353)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(50,452)	(44,904)	(95,356)	(33,592)	(39,722)	(73,314)
Investment in joint venture	-	(7,585)	(7,585)	-	(4,199)	(4,199)
Payments from City of Tulsa	-	19	19	5	88	93
Proceeds from sale of capital assets	405	149	554	270	177	447
Principal paid on long-term debt	(11,162)	(19,254)	(30,416)	(11,035)	(24,064)	(35,099)
Interest paid on long-term debt	(3,325)	(8,339)	(11,664)	(3,655)	(7,645)	(11,300)
Payment of bond issuance costs	-	(577)	(577)	-	-	-
Refunding payments	-	(28,735)	(28,735)	-	-	-
Proceeds from long-term debt issuance	-	54,751	54,751	-	31,313	31,313
Premium received on debt issuance	-	1,299	1,299	-	-	-
Ad valorem taxes received for debt service	-	944	944	-	1,279	1,279
Payments on watermain extension contracts	-	-	-	(17)	-	(17)
Net cash used by capital and related financing activities	\$ (64,534)	\$ (52,232)	\$ (116,766)	\$ (48,024)	\$ (42,773)	\$ (90,797)

(Continued)

The accompanying notes are an integral part of the financial statements

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF CASH FLOWS, Continued
Years Ended June 30, 2021 and 2020

(In thousands of dollars)	2021			2020		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Cash flows from investing activities:						
Interest received on investments	\$ 974	\$ 501	\$ 1,475	\$ 4,375	\$ 2,098	\$ 6,473
Sale or maturity of investments	-	-	-	13,852	4,059	17,911
Purchases of investments	(7,532)	(11,601)	(19,133)	(13,852)	(4,059)	(17,911)
Net cash (used) provided by investing activities	(6,558)	(11,100)	(17,658)	4,375	2,098	6,473
Net (decrease) increase in cash and cash equivalents	(17,664)	(326)	(17,990)	6,728	22,016	28,744
Cash and cash equivalents, beginning of year	189,801	139,788	329,589	183,073	117,772	300,845
Cash and cash equivalents, end of year	\$ 172,137	\$ 139,462	\$ 311,599	\$ 189,801	\$ 139,788	\$ 329,589
Reconciliation of cash and cash equivalents to the Statement of Net Position:						
Current unrestricted cash and cash equivalents	\$ 143,713	\$ 100,999	\$ 244,712	\$ 146,173	\$ 94,428	\$ 240,601
Current restricted cash and cash equivalents	18,770	10,001	28,771	19,020	8,568	27,588
Noncurrent restricted cash and cash equivalents	9,654	28,462	38,116	24,608	36,792	61,400
	\$ 172,137	\$ 139,462	\$ 311,599	\$ 189,801	\$ 139,788	\$ 329,589
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ 40,123	\$ 49,488	\$ 89,611	\$ 37,716	\$ 44,494	\$ 82,210
Adjustments:						
Depreciation	20,697	23,122	43,819	19,681	22,578	42,259
Change in accounts receivable	1,890	(2,569)	(679)	(3,253)	(18)	(3,271)
Change in prepaids	21	(35)	(14)	108	106	214
Change in inventories	(348)	(10)	(358)	(29)	(27)	(56)
Change in joint venture	-	680	680	-	594	594
Change in deferred outflows pension	(1,404)	(1,391)	(2,795)	675	239	914
Change in deferred outflows OPEB	92	80	172	(280)	(279)	(559)
Change in accounts payable and other accrued liabilities	474	291	765	541	(380)	161
Change in total OPEB liability	(18)	(6)	(24)	442	425	867
Change in deposits subject to refund	(256)	-	(256)	736	10	746
Change in net pension liability	(9,906)	(8,494)	(18,400)	2,725	2,877	5,602
Change in deferred inflows pension	10,540	9,499	20,039	(696)	(521)	(1,217)
Change in deferred inflows OPEB	62	52	114	(24)	(19)	(43)
Net cash provided by operating activities	\$ 61,967	\$ 70,707	\$ 132,674	\$ 58,342	\$ 70,079	\$ 128,421
Noncash capital and related financing activities:						
Contributions from area developers	\$ 2,073	\$ 6,221	\$ 8,294	\$ 2,558	\$ 13,703	\$ 16,261
Additions included in accounts payable and retainage	\$ 13,543	\$ 11,395	\$ 24,938	\$ 12,237	\$ 10,842	\$ 23,079
Expiring watermain extension contracts	\$ -	\$ -	\$ -	\$ 67	\$ -	\$ 67

The accompanying notes are an integral part of the financial statements

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

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

NATURE OF BUSINESS AND REPORTING ENTITY – The Tulsa Metropolitan Utility Authority (the “Authority”) was created under the provisions of the Oklahoma Public Trust Act. The Trustees of the Authority consist of the Mayor of the City of Tulsa (the “City”) and six other members appointed by the Mayor and confirmed by the City Council. The City is the sole beneficiary of the Trust. The Authority meets the requirements for, and is included in, the City’s Annual Comprehensive Financial Report as a discretely presented component unit.

On February 1, 1984, the Authority leased from the City its existing and subsequently acquired water treatment and distribution systems (Water System) along with the rights to the gross revenues generated by the System. The terms of the agreement provide for the lease of the Water System for a term of 50 years or until all bonds and indebtedness collateralized by and payable from revenues is retired.

Under the terms of the lease, the City collects the Water System’s operating revenues. The Water System is operated by City personnel and the City also pays the operating expenses and maintenance costs, and makes additions, replacements and improvements necessary to keep the Water System in proper working order on behalf of the Authority.

The Authority is to utilize gross revenues to reimburse the City for the cost of operating and maintaining the Water System. Also, the Authority will issue bonds to finance improvements to the Water System and set rates, fees and charges to users of the Water System.

On July 1, 1989, the Authority entered into a Wastewater System Lease Agreement and Operation and Maintenance Contract with the City. The terms of the agreement provide for the lease of the City's revenue producing sanitary sewer and wastewater treatment, collection, transportation, processing, and disposal systems and facilities, along with the transfer of related liabilities, for a term of 50 years or until such time as all bonds and indebtedness collateralized by and payable from revenues from the wastewater system are retired.

All operating costs, including personnel, are provided by the City and reimbursed by the Authority. For financial reporting purposes, personnel and other operating costs are reported as costs incurred directly by the Authority. Accordingly, the Authority reports these costs in its financial statements and makes appropriate disclosures in the notes to the financial statements. The Authority has no employees. All references to “employees” are references to City employees who perform operation and maintenance work under the terms of the lease agreement. Payments to and amounts owed to employees are part of the payments the Authority makes to the City pursuant to the terms of the lease agreements.

The Authority accounts for and reports using separate funds for water and sewer utility fees and other revenue dedicated to the Authority.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

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

BASIS OF ACCOUNTING AND PRESENTATION – The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (“GAAP”) as applied to business-type activities of governmental units. The Governmental Accounting Standards Board (“GASB”) is the standard-setting body for governmental accounting and financial reporting.

The financial statements of the Authority are prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows/outflows 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, bond interest expense and related costs, and voluntary nonexchange transactions are included in nonoperating revenues and expenses.

GAAP requires the Authority to present in its financial statements, inclusive of the notes to the financial statements, the economic substance of its operations and the assets under lease.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents reported on the statement of net position include both the amounts held within the City’s pooled portfolio and other cash and cash equivalents. Cash and cash equivalents also consist of money market accounts which are reported at amortized cost.

The Authority’s cash and cash equivalents included in the City’s pooled portfolio are recorded at the net asset value of their position in the City’s pooled portfolio. The Authority is allocated interest monthly based on their average daily position in the City’s pooled portfolio. Changes in fair value of the City’s pooled portfolio are allocated annually based on the Authority’s position as of June 30.

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

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

INVESTMENTS – the Authority may invest in fixed income obligations of the U.S. Government, its agencies, or instrumentalities. The investments of the Authority are reported at fair value.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

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

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

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

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

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

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

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

PREPAID EXPENSES – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

INVENTORIES – Inventories are stated at cost (first-in, first-out), which is not in excess of market.

RESTRICTED ASSETS – Certain assets of the Authority are restricted under the terms of its bond indentures or state statutes.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

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

UTILITY SERVICES RECEIVABLE – This balance consists of amounts due from customers within and around the Tulsa metropolitan area for utility service. Unbilled revenue is accrued and included in utility services receivable for services that were provided, but not billed at year end. Utility services receivable included \$5,753 and \$5,948 of accrued unbilled revenue for the Water fund and Sewer fund, respectively, as of June 30, 2021, and \$9,193 and \$7,934 for the Water fund and Sewer fund, respectively, as of June 30, 2020. The Authority recorded an allowance for uncollectible accounts of \$590 and \$465 for Water fund and Sewer fund, respectively, as of June 30, 2021 and \$133 and \$158 for Water fund and Sewer fund, respectively, as of June 30, 2020.

CAPITAL ASSETS – Capital assets purchased or acquired at an initial cost of \$5 or more and having a useful life of more than one year are carried at historical cost. Contributed assets are recorded at acquisition value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Interest cost incurred during the construction phase of capital assets of the enterprise activities is recognized as an expense in the period in which the cost is incurred.

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

Land improvements	30 years
Buildings	50 years
Water and sewer lines	33 - 100 years
Equipment	3 - 20 years

Capital assets sold or disposed have their cost and accumulated depreciation removed from the Authority's records. The related gain or loss is recorded in the period of sale or disposal.

CAPITAL CONTRIBUTIONS – Capital contributions include payments made by developers for the construction of water and sewer lines, grants, and amounts contributed by City sales tax funds. Amounts contributed to the Authority from City sales tax funds are reported as capital contributions as these funds are spent on capital.

COMPENSATED ABSENCES – Vacation and sick leave is granted to all employees. Vacation time earned varies from 14 to 26 days depending upon years of service. The maximum amount of vacation time that may be accumulated is twice the amount which may be earned in one calendar year. Accumulated vacation leave vests and the Authority is obligated to make payment upon termination or retirement. Accumulated sick leave is not paid out to employees upon separation, if separation occurs before retirement eligibility. Upon retirement an employee is eligible to receive a lump sum payout of one hour for every three hours earned and unused if the employee has at least 960 hours. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive separation payments and other employees who are expected to become eligible in the future to receive such payments upon separation are included. The amount of unpaid vacation and sick leave is charged to expense during the period earned if probable of payout, and a corresponding liability is established.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

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

POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS – Postemployment benefits other than pensions (OPEB) are part of an exchange of salaries and benefits for employee services rendered. Of the total benefits offered by employers to attract and retain qualified employees, some benefits, including salaries and active-employee healthcare, are taken while the employees are in active service, whereas other benefits, including postemployment healthcare, are taken after the employees' services have ended. Nevertheless, the benefits constitute compensation for employee services. A liability for OPEB is recognized when earned by employees. Additional information regarding these liabilities is included in Note 7.

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

NET POSITION – Net position of the Authority represents the difference between assets and liabilities and deferred inflows/outflows. Net investment in capital assets, consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Net investment in capital assets as of June 30, 2021 excludes unspent bond proceeds of \$17,158 and \$38,149 for Water and Sewer, respectively, and as of June 30, 2020 excludes unspent bond proceeds of \$24,608 and \$34,228 for Water and Sewer, respectively. 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 the difference between assets, liabilities and deferred inflows/outflows of resources that do not meet the definition of net investment in capital assets or restricted.

PROPERTY TAX REVENUE – Oklahoma statutes require that the City make a property tax levy for a sinking fund (Debt Service Fund) which shall, with cash and investments in the fund, be sufficient to pay all general obligation bonded indebtedness, interest and one-third of all outstanding judgments coming due in the following fiscal year.

The sinking fund requirements are submitted by the City to the County Excise Board to determine the property tax levy. This submission is made by August 27th of each year. The County Assessor is required to file a tax roll report on or before October 1st each year with the County Treasurer indicating the net assessed valuation for all real and public service property.

The Oklahoma Tax Commission determines property assessed valuations. The assessment ratio in Tulsa County currently averages 11% of market value.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

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

PROPERTY TAX REVENUE, continued – Property tax is levied each October 1st on the assessed valuation of non-exempt real property located in the City as of the preceding January 1st, the lien date. Property taxes are due on November 1st following the levy date, although they may be paid in two equal installments (if the first installment is paid prior to January 1st, the second installment is not delinquent until April 1st). Property taxes are collected by the County Treasurers of Tulsa, Wagoner and Osage Counties, Oklahoma, and are remitted to the City. Property tax receivables are recorded on the lien date, although the related Authority revenue is reported as a deferred inflow of resources and will not be recognized until the year for which it is levied.

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 footnotes. Actual results could differ from those estimates.

INCOME TAXES – With regards to federal income taxes, the Authority is nontaxable as a political subdivision under Section 115(1) of the Internal Revenue Code.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES – The Authority records deferred outflows or inflows of resources for the consumption or acquisition of net position that is applicable to a future reporting period and will not be reported as an outflow (expense) or inflow (revenue) until then. The financial statements reflect deferred outflows and inflows of resources recorded for unamortized losses and gains on refunding of debt, deferred outflows and inflows of resources related to pensions and other post-employment benefits, and deferred inflows of resources related to property tax revenue.

DEFERRED CHARGES/GAINS ON REFUNDING – Deferred charges/gains 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/inflow 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.

PENSION PLAN – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement Plan (MERP) and additions to/deductions from MERP's fiduciary net position have been determined on the same basis as they are reported by MERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

RECLASSIFICATIONS – Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 financial statement presentation. These reclassifications had no effect on total net position or changes in net position.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

2. CASH DEPOSITS AND INVESTMENTS

CASH AND CASH EQUIVALENTS – Cash deposits of the Authority, not held in trust accounts, are held within the City’s pooled portfolio. The City’s pooled portfolio consists primarily of time deposits and other securities guaranteed by the United States Government or its agencies. At June 30, 2021 and 2020 the Authority held \$231,741 and \$244,791, respectively, in the City’s pooled portfolio, which represented 21.4% and 24.2%, respectively of the City’s pooled portfolio.

The City’s pooled portfolio is collateralized by securities held by the City or its agent in the City’s name as of June 30, 2021 and 2020.

Please refer to the City’s Annual Comprehensive Financial Report for additional disclosures related to the City’s pooled portfolio, including required disclosures of risks and fair value measurements. A copy of the City’s Annual Comprehensive Financial Report may be obtained at www.cityoftulsa.org.

In addition to assets held in the City’s pooled portfolio, the Authority has assets it holds directly. The Authority has money market accounts reported as cash equivalents on the statement of net position of \$79,858 and \$84,798 as of June 30, 2021 and 2020, respectively.

INVESTMENTS – At June 30, 2021, the Authority had the following non-pooled investments:

	June 30, 2021			Fair Value Measurement
	Fair Value	Maturities in years		
		Less than 1	1-5	
U.S. Treasury Securities	\$ 19,090	\$ 19,090	\$ -	Level 1

At June 30, 2020, the Authority did not have any investments.

Interest Rate Risk – Interest rate risk is the risk that a change in interest rates will adversely affect the value of an investment. For restricted funds, bond requirements limit the type and maturity length of investments that can be acquired.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority utilizes the City of Tulsa investment policy and bond indenture restrictions on authorized investments to limit its exposure to credit risks. The Authority's investments in U.S. Treasury Securities are not subject to credit risk.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

2. CASH DEPOSITS AND INVESTMENTS, continued

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

The Authority's deposit policy for custodial credit risk requires compliance with provisions of state law and that demand deposits be collateralized by at least 110% of the amount that is not federally insured. The Authority's investments in U.S. Treasury Securities at June 30, 2021 are registered securities held by the Authority or by its agent in the Authority's name. At June 30, 2021 and 2020 none of the Authority's deposits, including money market accounts of \$79,858 and \$84,798, respectively, nor investments of \$19,090 and \$0 respectively, were exposed to custodial credit risk.

Concentration of Credit Risk – The Authority utilizes the City of Tulsa investment policy to determine the amount that may be invested in any one issuer. At June 30, 2021, the Authority's investments in U.S. Treasury Securities are not subject to concentration of credit risk disclosure.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

3. RESTRICTIONS ON ASSET USE

Unspent debt proceeds, as well as resources set aside for their repayment, are classified as restricted assets on the statements of net position because their use is limited by applicable bond covenants and they are maintained in separate bank accounts. The City levies ad valorem taxes for the retirement of 50% of general obligation bonds issued for the wastewater disposal system. A reserve for bond retirement is established at the City. Customer deposits held in the City's pooled portfolio are also classified as restricted assets as they are limited for customer refunds.

A summary of the purpose for which these assets are restricted as of June 30, is as follows:

	<u>2021</u>	<u>2020</u>
General Obligation Bonds:		
Sinking funds	\$ 1,899	\$ 2,565
Deposits subject to refund:		
Escrow deposits	<u>12,373</u>	<u>12,630</u>
Sewer Debt:		
Debt service fund	9,360	7,927
Construction fund	22,650	19,153
Reserve fund	<u>15,500</u>	<u>15,074</u>
Debt service, reserves, construction funds	<u>47,510</u>	<u>42,154</u>
Water Debt:		
Debt service fund	7,038	7,031
Construction fund	3,236	10,535
Reserve fund	<u>13,921</u>	<u>14,073</u>
Debt service, reserves, construction funds	<u>24,195</u>	<u>31,639</u>
Total restricted assets	<u>\$ 85,977</u>	<u>\$ 88,988</u>

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

4. CAPITAL ASSETS

The changes in capital assets are summarized as follows:

June 30, 2021	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Nondepreciable assets:				
Land	\$ 36,771	\$ -	\$ 1,406	\$ 38,177
Water rights	9,593	-	-	9,593
Construction-in-progress	49,414	84,760	(62,067)	72,107
Total nondepreciable capital assets	<u>95,778</u>	<u>84,760</u>	<u>(60,661)</u>	<u>119,877</u>
Depreciable assets:				
Land improvements, water and sewer lines	1,981,933	13,600	59,375	2,054,908
Buildings	52,608	441	394	53,443
Equipment	80,287	6,709	(2,430)	84,566
Total depreciable capital assets	<u>2,114,828</u>	<u>20,750</u>	<u>57,339</u>	<u>2,192,917</u>
Accumulated depreciation:				
Land improvements, water and sewer lines	(734,118)	(37,550)	-	(771,668)
Buildings	(36,174)	(701)	-	(36,875)
Equipment	(52,908)	(5,568)	3,083	(55,393)
	<u>(823,200)</u>	<u>(43,819)</u>	<u>3,083</u>	<u>(863,936)</u>
Depreciable capital assets, net	<u>1,291,628</u>	<u>(23,069)</u>	<u>60,422</u>	<u>1,328,981</u>
Capital assets, net	<u>\$ 1,387,406</u>	<u>\$ 61,691</u>	<u>\$ (239)</u>	<u>\$ 1,448,858</u>
June 30, 2020	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Nondepreciable assets:				
Land	\$ 36,645	\$ -	\$ 126	\$ 36,771
Water rights	9,593	-	-	9,593
Construction-in-progress	56,167	72,184	(78,937)	49,414
Total nondepreciable capital assets	<u>102,405</u>	<u>72,184</u>	<u>(78,811)</u>	<u>95,778</u>
Depreciable assets:				
Land improvements, water and sewer lines	1,885,273	18,925	77,735	1,981,933
Buildings	51,205	419	984	52,608
Equipment	79,055	5,407	(4,175)	80,287
Total depreciable capital assets	<u>2,015,533</u>	<u>24,751</u>	<u>74,544</u>	<u>2,114,828</u>
Accumulated depreciation:				
Land improvements, water and sewer lines	(698,067)	(36,066)	15	(734,118)
Buildings	(35,395)	(779)	-	(36,174)
Equipment	(51,500)	(5,414)	4,006	(52,908)
	<u>(784,962)</u>	<u>(42,259)</u>	<u>4,021</u>	<u>(823,200)</u>
Depreciable capital assets, net	<u>1,230,571</u>	<u>(17,508)</u>	<u>78,565</u>	<u>1,291,628</u>
Capital assets, net	<u>\$ 1,332,976</u>	<u>\$ 54,676</u>	<u>\$ (246)</u>	<u>\$ 1,387,406</u>

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

5. JOINT VENTURE

The Authority is a participant in a joint venture, the Regional Metropolitan Utility Authority (“RMUA”). RMUA was created to operate a sewage treatment facility. The Authority contributes approximately one-half of RMUA’s operating and capital budget, operates a facility for RMUA, and leases the facility site to RMUA. The City appoints two of the ten trustees with the four other participating cities appointing two trustees each. Services are provided approximately 50% each to the City and the City of Broken Arrow, Oklahoma. In accordance with the Trust Agreement, the Authority is entitled, on both an interim and final basis, to its pro-rata interest based on its contributions to RMUA.

The Authority’s equity interest was \$37,710 and \$32,886 as of June 30, 2021 and 2020, respectively. The Authority’s other services and charges have been increased to reflect the change in equity interest by \$680 and \$594 for the years ended June 30, 2021 and 2020, respectively. The Authority contributed \$5,504 and \$5,776 to RMUA for capital improvements during the years ended June 30, 2021 and 2020, respectively.

Request for an audited financial report or additional information concerning RMUA should be addressed to the Office of the Controller, 175 E. Second Street, Suite 1570, Tulsa, Oklahoma 74103, or online at www.cityoftulsa.org.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

6. MUNICIPAL EMPLOYEES' PENSION PLAN

Plan description – Employees are provided with pensions through MERP – a cost-sharing multiple-employer defined benefit pension plan administered by the City. The Authority is not defined as an employer in the MERP plan document, but as described in Note 1, payroll and associated costs of City employees performing functions on behalf of the Authority, are reported in the financial statements of the Authority. MERP benefits are established by City ordinance to plan members and beneficiaries. MERP's financial statements and required supplementary information are included in the City's Annual Comprehensive Financial Report (ACFR). The report may be obtained by writing to the City of Tulsa Controller, 175 E. 2nd Street, Suite 1570, Tulsa, Oklahoma 74103, or online at www.cityoftulsa.org.

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

Contributions – The Contributions are set by City ordinance. In 2021, employees contributed 6.5 percent of their pensionable wages from July 1, 2020 to December 31, 2020 and then 7.5 percent thereafter. The Authority was charged 15.5 percent of pensionable wages for employees whose payroll costs were charged to the Authority from July 1, 2020 to December 31, 2020 and then 16.5 percent thereafter. In 2020, employees contributed 6.5 percent of their pensionable wages. The Authority was charged 15.5 percent of pensionable wages for employees whose payroll costs were charged to the Authority. Actual charges to the Authority for pension plan contributions were \$6,065 and \$5,668 for the years ended June 30, 2021 and 2020, respectively.

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

At June 30, 2021 and 2020, the Authority reported \$52,492 and \$70,894, respectively, for its proportionate charged share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. Standard update procedures were used to roll forward the total pension liability to June 30, 2021. The Authority's charged proportion of the net pension liability was based on the Authority's share of charged contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2021 and 2020, the Authority's proportion was 29.0250 percent and 27.9148 percent, respectively.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

6. MUNICIPAL EMPLOYEES' PENSION PLAN, continued

For the years ended June 30, 2021 and 2020, the Authority recognized pension expense of \$4,909 and \$10,967, respectively. At June 30, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources					
	2021			2020		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Net difference between projected and actual plan earnings on pension plan investments	\$ -	\$ -	\$ -	\$ 2,541	\$ 2,233	\$ 4,774
Changes of assumptions	5,258	4,660	9,918	2,116	1,859	3,975
Differences between expected and actual plan experience	10	9	19	65	57	122
Changes in proportion and differences between the Authority's charges and proportionate share of charges	890	1,141	2,031	32	270	302
Total	\$ 6,158	\$ 5,810	\$ 11,968	\$ 4,754	\$ 4,419	\$ 9,173

	Deferred Inflows of Resources					
	2021			2020		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Net difference between projected and actual plan earnings on pension plan investments	\$ 11,096	\$ 9,833	\$ 20,929	\$ -	\$ -	\$ -
Differences between expected and actual plan experience	365	323	688	656	576	1,232
Changes in proportion and differences between the Authority's charges and proportionate share of charges	102	61	163	367	142	509
Total	\$ 11,563	\$ 10,217	\$ 21,780	\$ 1,023	\$ 718	\$ 1,741

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

	Water Fund	Sewer Fund	Business-type Activities Total
Year ended June 30:			
2022	\$ (105)	\$ 71	\$ (34)
2023	(583)	(356)	(939)
2024	(1,340)	(1,129)	(2,469)
2025	(3,377)	(2,993)	(6,370)
	\$ (5,405)	\$ (4,407)	\$ (9,812)

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

6. MUNICIPAL EMPLOYEES' PENSION PLAN, continued

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 9.50 percent, including inflation
Investment rate of return	6.75 percent compounded annually, net of investment expense and including inflation

The assumption changes from 2020 were as follows:

Salary increases changed from 3.50-11.25 percent to 3.50-9.50 percent, and investment rate of return decreased from 7.00 percent to 6.75 percent.

In 2021, Mortality rates were based on Pub-2010 General Employee Mortality Table, projected with the ultimate rates of Scale MP-2020 from the year 2010.

In 2020, Mortality rates were based on RP-2014 Combined Healthy Tables with Blue Collar adjustments. Generation mortality improvements with Scale MP-2015 are from the table's base year of 2014.

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2020.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	20%	-0.36%
Domestic equity	36%	5.92%
International equity	24%	6.75%
Real estate	12%	4.57%
Commodities	3%	0.25%
Timber	4%	2.70%
Cash	1%	-1.01%
	<u>100%</u>	

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

6. MUNICIPAL EMPLOYEES' PENSION PLAN, continued

Discount rate - The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the participating employers will be made as specified in the MERP funding policy. Beginning January 1, 2021, and all future years, it is assumed that the employer contribution rate will be 16.50 percent of payroll. Based on those assumptions, the MERP's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate. The discount rate in 2020 was 7.0 percent.

2021	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Authority's proportionate share of the net pension liability	\$ 80,404	\$ 52,492	\$ 29,273
2020	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Authority's proportionate share of the net pension liability	\$ 95,223	\$ 70,894	\$ 50,604

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the City of Tulsa's ACFR; which can be located at www.cityoftulsa.org.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

Plan Description – Retired employees and their dependents are provided with postemployment health care benefits through the City of Tulsa Postretirement Medical Plan (the “Plan”), a multiple-employer defined benefit health care plan. The Authority is not an employer, but as described in Note 1, payroll and associated costs of City employees performing functions on behalf of the Authority, are reported in the financial statements of the Authority. The benefits, coverage levels, employee contributions, and employer contributions are governed by the City through its personnel and union contracts and are funded on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The Plan does not issue a stand-alone financial report.

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

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

OPEB Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2021, the Authority reported a liability of \$2,972 for its proportionate charged share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2020. Standard update procedures were used to roll forward the total OPEB liability to June 30, 2021. The total OPEB liability for June 30, 2020 was \$2,997. The Authority’s charged proportion of the total OPEB liability was based on the Authority’s share of active employee participants relative to the active employees of all participating employers. At June 30, 2021 and 2020, the Authority’s proportion was 36.1755 percent, and 36.1905 percent, respectively.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

For the years ended June 30, 2021 and 2020, the Authority recognized OPEB expense of \$440 and \$385, respectively. At June 30, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources					
	2021			2020		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Changes of assumptions	\$ 106	\$ 95	\$ 201	\$ 89	\$ 79	\$ 168
Differences between expected and actual plan experience	258	230	488	361	320	681
Changes in proportion and differences between the Authority's charges and proportionate share of charges	20	40	60	26	46	72
Total	\$ 384	\$ 365	\$ 749	\$ 476	\$ 445	\$ 921

	Deferred Inflows of Resources					
	2021			2020		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Changes of assumptions	\$ 9	\$ 8	\$ 17	\$ 18	\$ 16	\$ 34
Differences between expected and actual plan experience	121	108	229	49	43	92
Changes in proportion and differences between the Authority's charges and proportionate share of charges	15	12	27	17	17	34
Total	\$ 145	\$ 128	\$ 273	\$ 84	\$ 76	\$ 160

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

	Water Fund	Sewer Fund	Business-type Activities Total
Year ended June 30:			
2022	\$ 75	\$ 71	\$ 146
2023	61	62	123
2024	51	50	101
2025	60	60	120
2026	(8)	(6)	(14)
	\$ 239	\$ 237	\$ 476

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.0 %
Salary increases	4.0% to 11.75%, including 3.0% inflation and 1.0% productivity
Healthcare cost trend rate	7.5% for 2021, decreasing by 0.5 % annually to an ultimate rate of 4.5%

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

Mortality rates for retirees were based on SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019. Surviving spouses mortality were based on SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019.

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

Discount Rate – The OPEB Plan is financed on a pay-as-you-go basis, thus a long-term rate of return was not used. The discount rate used to measure the total OPEB liability was 2.19 and 2.66 percent as of June 30, 2021 and 2020 respectively. The source of the discount rate used was the S&P Municipal Bond 20-Year High Grade Rate Index.

Sensitivity of the Authority’s proportionate share of the total OPEB liability to changes in the discount rate – The following presents the Authority’s proportionate share of the total OPEB liability calculated using the discount rate of 2.19 percent, as well as what the Authority’s proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.19 percent) or 1-percentage-point higher (3.19 percent) than the current rate. The discount rate in 2020 was 2.66 percent.

2021	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
Authority’s proportionate share of the total OPEB liability	\$ 3,212	\$ 2,972	\$ 2,752
2020	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
Authority’s proportionate share of the total OPEB liability	\$ 3,240	\$ 2,997	\$ 2,773

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

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

2021	1% Decrease (6.5% decreasing to 3.5%)	Current Rate (7.5% decreasing to 4.5%)	1% Increase (8.5% decreasing to 5.5%)
Authority’s proportionate share of the total OPEB liability	\$ 2,644	\$ 2,972	\$ 3,359
2020	1% Decrease (7.0% decreasing to 3.5%)	Current Rate (8.0% decreasing to 4.5%)	1% Increase (9.0% decreasing to 5.5%)
Authority’s proportionate share of the total OPEB liability	\$ 2,699	\$ 2,997	\$ 3,344

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 property damage as well as employee health and dental. The Authority is covered in the City’s insurance policies and premium costs are passed on to the Authority through indirect cost allocation. The Authority is responsible for deductibles relating to specific claims pertaining to the Authority. There have been no significant reductions in insurance coverage during the year and there were no settlement amounts in excess of the insurance coverage in the current year or in the three prior years. The Authority also participates in the City’s workers’ compensation self-insurance program. The City retains all risk of loss for workers’ compensation claims.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

9. NONCURRENT LIABILITIES

REVENUE BONDS – Revenue bonds outstanding consist of debt issued by the Authority. The debt does not constitute debt of the City and is payable solely from resources of the Authority. Revenue bonds are collateralized primarily by the trust estates and revenues derived from the operations of the Authority.

Various bond indentures, loan agreements, and pledge and security agreements contain limitations and restrictions of debt service reserves and flow of monies through various restricted accounts (see additional information in Note 3). The Authority has pledged future water revenues, net of operating expenses and sewer revenues, net of operating expenses and net of amounts pledged for promissory note debt service to repay \$91,155 and \$103,720 of outstanding Utility Revenue Bonds, respectively. The Utility Revenue Bonds are payable through 2040. Annual principal and interest payments on the bonds required 18 percent of net revenues, as defined above. The total principal and interest remaining to be paid on the bonds is \$230,041. Principal and interest paid for the current year and water and sewer net revenues as described above for the current year were \$21,441 and \$116,201, respectively. The Authority utility revenue bonds are subject to acceleration if the Authority defaults.

On October 5, 2020 the Authority issued the Utility Revenue Bonds Series 2020B in the amount of \$24,770. The bonds mature in 2040 and require annual principal payments and semiannual interest payments at a rate of 1.0-2.0%. Proceeds will be used to fund improvements to the waste water utility system.

ECONOMIC GAIN/LOSS ON REFUNDING – On July 6, 2020, the Authority issued \$26,695 in Series 2020A Refunding Utility Revenue Bonds to refund the 2010B and 2011B OWRB Promissory Notes. This transaction will reduce debt service payments by \$6,176 over the next 11 years and result in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$5,841. The refunding resulted in a deferred gain of \$1,168 which will be amortized over the life of the new bonds. The amortization and related deferred gain are reported in the financial statements.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

9. NONCURRENT LIABILITIES, continued

Utility Revenue Bond payable activity for the year ended June 30, 2021 is as follows:

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</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>
Water:								
Refunding Series 2013	\$ 61,280	2025	2.50-3.00%	\$ 30,160	\$ -	\$ (4,620)	\$ 25,540	\$ 4,720
Series 2014	17,825	2034	3.00-3.50%	14,460	-	(700)	13,760	715
Refunding Series 2015	9,940	2027	2.00-3.00%	5,650	-	(770)	4,880	770
Series 2016A	16,565	2031	3.00-3.25%	12,900	-	(950)	11,950	965
Refunding Series 2017A	27,765	2030	3.00-3.125%	22,180	-	(1,895)	20,285	1,915
Refunding Series 2019A	18,705	2027	5.00%	16,740	-	(2,000)	14,740	2,040
				<u>102,090</u>	<u>-</u>	<u>(10,935)</u>	<u>91,155</u>	<u>11,125</u>
Sewer:								
Series 2016B	10,885	2036	2.00-3.50%	9,175	-	(440)	8,735	450
Refunding Series 2016C	34,810	2025	5.00%	24,875	-	(3,400)	21,475	3,455
Series 2018A	11,850	2038	3.125-3.250%	10,995	-	(440)	10,555	450
Series 2019B	12,430	2039	3.00%	11,965	-	(475)	11,490	480
Series 2020A	26,695	2031	1.0-2.0%	-	26,695	-	26,695	2,040
Series 2020B	24,770	2040	1.0-2.0%	-	24,770	-	24,770	1,015
				<u>57,010</u>	<u>51,465</u>	<u>(4,755)</u>	<u>103,720</u>	<u>7,890</u>
Total utility revenue bonds				<u>\$ 159,100</u>	<u>\$ 51,465</u>	<u>\$ (15,690)</u>	<u>\$ 194,875</u>	<u>\$ 19,015</u>

The changes in other long-term liabilities for the year ended June 30, 2021 are summarized as follows:

<u>Other long-term liabilities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Water storage lease	\$ 2,947	\$ -	\$ (227)	\$ 2,720	\$ 235
Total OPEB liability	2,997	-	(25)	2,972	-
Compensated absences	4,442	2,852	(2,607)	4,687	2,964
Net pension liability	70,894	-	(18,402)	52,492	-
Total other long-term liabilities	<u>\$ 81,280</u>	<u>\$ 2,852</u>	<u>\$ (21,261)</u>	<u>\$ 62,871</u>	<u>\$ 3,199</u>

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

9. NONCURRENT LIABILITIES, continued

Utility Revenue Bond payable activity for the year ended June 30, 2020 is as follows:

Series	Issue Amount	Maturity Date	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water:								
Refunding Series 2013	\$ 61,280	2025	2.50-3.00%	\$ 34,760	\$ -	\$ (4,600)	\$ 30,160	\$ 4,620
Series 2014	17,825	2034	3.00-3.50%	15,150	-	(690)	14,460	700
Refunding Series 2015	9,940	2027	2.00-3.00%	6,395	-	(745)	5,650	770
Series 2016A	16,565	2031	3.00-3.25%	13,835	-	(935)	12,900	950
Refunding Series 2017A	27,765	2030	3.00-3.125%	24,060	-	(1,880)	22,180	1,895
Refunding Series 2019A	18,705	2027	5.00%	18,705	-	(1,965)	16,740	2,000
				<u>112,905</u>	<u>-</u>	<u>(10,815)</u>	<u>102,090</u>	<u>10,935</u>
Sewer:								
Series 2016B	10,885	2036	2.00-3.50%	9,610	-	(435)	9,175	440
Refunding Series 2016C	34,810	2025	5.00%	28,230	-	(3,355)	24,875	3,400
Series 2018A	11,850	2038	3.125-3.250%	11,425	-	(430)	10,995	440
Series 2019B	12,430	2039	3.00%	12,430	-	(465)	11,965	475
				<u>61,695</u>	<u>-</u>	<u>(4,685)</u>	<u>57,010</u>	<u>4,755</u>
Total utility revenue bonds				<u>\$174,600</u>	<u>\$ -</u>	<u>\$ (15,500)</u>	<u>\$ 159,100</u>	<u>\$ 15,690</u>

The changes in other long-term liabilities for the year ended June 30, 2020 are summarized as follows:

Other long-term liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water storage lease	\$ 3,167	\$ -	\$ (220)	\$ 2,947	\$ 227
Watermain extension contracts	84	-	(84)	-	-
Total OPEB liability	2,130	867	-	2,997	-
Compensated absences	3,994	3,256	(2,808)	4,442	2,547
Net pension liability	65,292	5,602	-	70,894	-
Total other long-term liabilities	<u>\$ 74,667</u>	<u>\$ 9,725</u>	<u>\$ (3,112)</u>	<u>\$ 81,280</u>	<u>\$ 2,774</u>

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

9. NONCURRENT LIABILITIES, continued

PROMISSORY NOTES – The Authority borrows from the Oklahoma Water Resources Board through two types of program loans: the State Financial Assistance Program (FAP) Loans and the Clean Water State Revolving Fund (SRF) Loan Program. FAP loan proceeds are received at closing and SRF loan proceeds are received on a reimbursement basis.

The Authority's outstanding promissory notes with the Oklahoma Water Resources Board are collateralized by a first lien and security interest in the Authority's wastewater treatment system and the revenues derived from the entire system and generally require semi-annual principal and interest payments. The Authority promissory notes are subject to acceleration if the Authority defaults.

The Authority has pledged future sewer revenue, net of operating expenses to repay \$149,719 of promissory notes. The promissory notes are payable through 2041. Annual principal and interest payments on the promissory notes required 25 percent of net revenues. The total principal and interest remaining to be paid on the promissory notes is \$181,045. Principal and interest paid for the current year and sewer net revenues for the current year were \$17,764 and \$72,168, respectively.

The promissory notes contain certain covenants. The covenants require that net revenues of the wastewater system, as defined by the debt agreement, provide for minimums of 100% of the maximum debt service on all notes and 125% of the maximum debt service on senior notes. FAP loans are considered senior obligations.

Promissory notes issued and outstanding under the SRF program were \$214,957 and \$101,014, respectively, as of June 30, 2021. The Authority had \$42,502 available to be drawn as of June 30, 2021. Promissory notes outstanding under the FAP program were \$48,705 as of June 30, 2021.

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

9. NONCURRENT LIABILITIES, continued

Promissory note payable activity for the year ended June 30, 2021 is as follows:

<u>Promissory Notes and Maturity Dates</u>	<u>Loan Type</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>
Sewer:								
Series 2002D - 2021	SRF	\$ 6,813	0.50%	\$ 525	\$ -	\$ (350)	\$ 175	\$ 175
Series 2004B - 2023	SRF	1,560	0.50%	280	-	(80)	200	80
Series 2005B - 2027	SRF	7,900	3.10%	3,393	-	(408)	2,985	421
Series 2005C - 2025	SRF	1,203	0.50%	331	-	(60)	271	60
Series 2006A - 2027	SRF	3,130	3.10%	1,310	-	(157)	1,153	163
Series 2006C - 2029	SRF	17,825	3.10%	9,284	-	(853)	8,431	880
Series 2007A - 2026	SRF	5,131	0.50%	1,711	-	(264)	1,447	263
Series 2009A - 2032	SRF	11,320	3.22%	5,993	251	(566)	5,678	566
Series 2010A - 2032	SRF	27,757	2.89%	17,172	175	(1,388)	15,959	1,388
Series 2010B - 2030	FAP	29,380	3.145-5.145%	18,865	-	(18,865)	-	-
Series 2011A - 2033	SRF	23,480	3.11%	14,930	-	(1,173)	13,757	1,174
Series 2011B - 2031	FAP	14,275	2.645-5.145%	9,870	-	(9,870)	-	-
Series 2011C - 2034	SRF	16,700	2.55%	11,690	-	(703)	10,987	721
Series 2012A - 2034	SRF	4,347	2.43%	2,742	27	(219)	2,550	217
Series 2012B - 2032	FAP	11,355	2.895-3.395%	7,920	-	(505)	7,415	525
Series 2013A - 2035	SRF	9,850	2.24%	5,418	429	(520)	5,327	518
Series 2013B - 2033	FAP	27,605	4.156-5.145%	21,195	-	(1,100)	20,095	1,145
Series 2014A - 2035	SRF	2,910	2.58%	2,229	-	(144)	2,085	146
Series 2014B - 2033	FAP	10,180	2.145-4.06%	7,805	-	(455)	7,350	465
Series 2014C - 2034	FAP	17,735	2.6624-5.145%	14,560	-	(715)	13,845	730
Series 2015A - 2038	SRF	28,330	2.46%	15,414	893	(1,416)	14,891	1,417
Series 2017A - 2040	SRF	21,725	2.26%	14,689	-	(1,086)	13,603	1,086
Series 2018A - 2041	SRF	14,350	2.53%	3	1,212	-	1,215	717
Series 2019A - 2041	SRF	10,626	2.32%	-	300	-	300	266
				<u>\$ 187,329</u>	<u>\$ 3,287</u>	<u>\$ (40,897)</u>	<u>\$ 149,719</u>	<u>\$ 13,123</u>

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

9. NONCURRENT LIABILITIES, continued

Promissory note payable activity for the year ended June 30, 2020 is as follows:

<u>Promissory Notes and Maturity Dates</u>	<u>Loan Type</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>
Sewer:								
Series 2001B - 2020	SRF	\$ 4,996	0.50%	\$ 263	\$ -	\$ (263)	\$ -	\$ -
Series 2002D - 2021	SRF	6,813	0.50%	874	-	(349)	525	349
Series 2004B - 2023	SRF	1,560	0.50%	360	-	(80)	280	80
Series 2005B - 2027	SRF	7,900	3.10%	3,788	-	(395)	3,393	408
Series 2005C - 2025	SRF	1,203	0.50%	391	-	(60)	331	60
Series 2006A - 2027	SRF	3,130	3.10%	1,463	-	(153)	1,310	158
Series 2006C - 2029	SRF	17,825	3.10%	10,110	-	(826)	9,284	853
Series 2007A - 2026	SRF	5,131	0.50%	1,974	-	(263)	1,711	263
Series 2009A - 2032	SRF	11,320	3.22%	6,559	-	(566)	5,993	566
Series 2009B - 2032	SRF	7,350	2.91%	3,749	-	(3,749)	-	-
Series 2010A - 2032	SRF	27,757	2.89%	18,082	478	(1,388)	17,172	1,388
Series 2010B - 2030	FAP	29,380	3.145-5.145%	20,195	-	(1,330)	18,865	1,370
Series 2011A - 2033	SRF	23,480	3.11%	16,104	-	(1,174)	14,930	1,174
Series 2011B - 2031	FAP	14,275	2.645-5.145%	10,485	-	(615)	9,870	640
Series 2011C - 2034	SRF	16,700	2.55%	12,364	161	(835)	11,690	703
Series 2012A - 2034	SRF	4,347	2.43%	2,959	-	(217)	2,742	217
Series 2012B - 2032	FAP	11,355	2.895-3.395%	8,415	-	(495)	7,920	505
Series 2013A - 2035	SRF	9,850	2.24%	5,469	467	(518)	5,418	518
Series 2013B - 2033	FAP	27,605	3.145-5.145%	22,260	-	(1,065)	21,195	1,100
Series 2014A - 2035	SRF	2,910	2.58%	2,250	125	(146)	2,229	146
Series 2014B - 2033	FAP	10,180	2.145-4.06%	8,250	-	(445)	7,805	455
Series 2014C - 2034	FAP	17,735	2.6624-5.145%	15,250	-	(690)	14,560	715
Series 2015A - 2038	SRF	28,330	2.460%	1,438	15,393	(1,417)	15,414	1,417
Series 2017A - 2040	SRF	21,725	2.26%	-	14,689	-	14,689	1,086
Series 2018A - 2041	SRF	14,350	2.53%	3	-	-	3	-
				<u>\$ 173,055</u>	<u>\$ 31,313</u>	<u>\$ (17,039)</u>	<u>\$ 187,329</u>	<u>\$ 14,171</u>

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

9. NONCURRENT LIABILITIES, continued

GENERAL LONG-TERM DEBT – General long-term debt of the Authority consists of general obligation bonds approved by the voters and issued by the City for water and wastewater capital assets. These bonds are required to be fully paid within 25 years from the date of issue and are backed by the full faith and credit of the City. The City’s Charter requires not less than 50% of the annual principal and interest requirements on general obligation bonds issued for waterworks and wastewater be funded by water and wastewater revenues, respectively. General obligation bond activity during 2021 and 2020 was as follows:

2021:

<u>Bonds 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>
Series 2009B- 2021	\$ 6,340	5.00%	\$ 554	\$ -	\$ (554)	\$ -	\$ -
Series 2013A- 2025	8,534	2.50%	3,136	-	(675)	2,461	653
Series 2014A- 2026	430	3.00%	215	-	(39)	176	38
Series 2015A- 2027	4,222	2.00-2.50%	2,296	-	(353)	1,943	343
Series 2017A- 2021	2,155	5.00%	1,445	-	(717)	728	728
			<u>\$ 7,646</u>	<u>\$ -</u>	<u>\$ (2,338)</u>	<u>\$ 5,308</u>	<u>\$ 1,762</u>

2020:

<u>Bonds 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>
Series 2009B- 2021	\$ 6,340	5.00%	\$ 1,084	\$ -	\$ (530)	\$ 554	\$ 554
Series 2013A- 2025	8,534	2.50%	3,833	-	(697)	3,136	675
Series 2014A- 2026	430	3.00%	255	-	(40)	215	39
Series 2015A- 2027	4,222	2.00-2.50%	2,658	-	(362)	2,296	353
Series 2017A- 2021	2,155	5.00%	2,155	-	(710)	1,445	717
			<u>\$ 9,985</u>	<u>\$ -</u>	<u>\$ (2,339)</u>	<u>\$ 7,646</u>	<u>\$ 2,338</u>

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

9. NONCURRENT LIABILITIES, continued

PRINCIPAL AND INTEREST PAYMENTS IN SUBSEQUENT YEARS – Scheduled maturities of principal and interest in subsequent years are as follows:

	<u>Revenue Bonds</u>		<u>Promissory Notes</u>		<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 19,015	\$ 5,597	\$ 13,123	\$ 4,710	\$ 1,762	\$ 126
2023	19,445	5,009	12,676	4,323	1,007	84
2024	19,900	4,405	12,291	3,950	980	60
2025	20,450	3,778	12,431	3,571	911	37
2026	24,340	3,030	12,602	3,176	344	16
2027-2031	51,785	9,046	60,824	10,026	304	8
2032-2036	26,600	3,504	25,772	1,570	-	-
2037-2041	13,340	797	-	-	-	-
	<u>\$ 194,875</u>	<u>\$ 35,166</u>	<u>\$ 149,719</u>	<u>\$ 31,326</u>	<u>\$ 5,308</u>	<u>\$ 331</u>

As disclosed in this note, 23 percent of Water Fund net revenue was required for debt service on water revenue bonds for the year ended June 30, 2021, and 35 percent of Sewer Fund net revenue was required for debt service on sewer revenue bonds and promissory notes for the year ended June 30, 2021.

10. NONCANCELABLE CAPITAL LEASE

On December 2, 1984, the Authority entered a contract with the Department of the Army of the United States of America to utilize storage of the Oologah Lake as a source of a municipal and industrial water supply. Interest rates for the contract were determined by the Secretary of the Treasury. For the initial development stage, the interest rate is 2.5 percent, and for the ultimate development stage, it is 3.225 percent. There is an outlet works and four storage spaces referenced in the contract. Payment terms are annual. The outlet work and storage space one matured in 2012 and had an interest rate of 2.5 percent. The maturity date and interest rate for the remaining three storage spaces are 2031 and 3.225 percent, respectively. The contract includes annual operation and maintenance expenses. Upon expiration of the lease, with continued payment of annual operating costs, and costs allocated for reconstruction, rehabilitation or replacement of the outlet works, the Authority has a permanent right to use of the water supply storage space. The lease payments are subject to a consumer price index adjustment.

The minimum lease payments under the lease are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Operating Expense</u>	<u>Total</u>
2022	\$ 235	\$ 88	\$ 319	\$ 642
2023	242	80	319	641
2024	250	72	319	641
2025	258	64	319	641
2026	267	56	319	642
2027-2031	1,468	145	1,593	3,206
	<u>\$ 2,720</u>	<u>\$ 505</u>	<u>\$ 3,188</u>	<u>\$ 6,413</u>

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

11. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2021 and 2020, the Authority conducted the following transactions with related entities:

	<u>2021</u>	<u>2020</u>
Indirect cost paid to the City of Tulsa	\$ 5,876	\$ 6,002
Payment in lieu of taxes to the City of Tulsa	\$ 16,307	\$ 15,353
Capital contributions from the City of Tulsa	\$ 19	\$ 93
Charges for utility services paid by the City of Tulsa	\$ 1,054	\$ 1,408
Charges for maintenance of equipment paid to the City of Tulsa	\$ 3,819	\$ 3,842

The Authority recorded accounts payable in the amount of \$319 and \$2,400 related to capital contributions due to RMUA at June 30, 2021 and 2020.

12. COMMITMENTS

As of June 30, 2021, the Authority had open commitments for construction projects of approximately \$95,989.

13. CONTINGENCIES

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

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)
June 30, 2021 and 2020

14. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87 – Leases – issued June 2017, will be effective for the Authority beginning with its fiscal year ending June 30, 2022.

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

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
REQUIRED SUPPLEMENTARY INFORMATION (In thousands of dollars)
June 30, 2021 and 2020

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

<u>Year</u>	<u>Authority's proportion of net pension liability</u>	<u>Authority's proportionate share of net pension liability</u>	<u>Authority's covered payroll</u>	<u>Authority's proportionate share of net pension liability as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of total pension liability</u>
2021	29.03%	\$ 52,492	\$ 37,908	138.47%	76.92%
2020	27.91%	70,894	36,568	193.87%	65.22%
2019	27.80%	65,292	34,531	189.08%	66.91%
2018	27.94%	54,849	33,368	164.38%	70.61%
2017	28.53%	56,361	33,235	169.58%	69.39%
2016	28.03%	60,625	32,905	184.24%	65.62%
2015	28.17%	35,290	29,197	120.87%	77.13%
2014	27.53%	30,761	30,525	100.77%	79.29%

The amounts presented were determined as of year end.

* Information prior to 2014 is not available.

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

Changes of assumptions: In 2016, amounts reported as changes of assumptions resulted primarily from changes in the mortality table and discount rate from 7.75% to 7.50%. In 2019 the inflation rate decreased from 3.00% to 2.50%, salary increases changed from 4.00%-11.75% to 3.50%-11.25%, and investment rate of return (and discount rate) decreased from 7.50% to 7.00%.

In 2021, salary increases changed from 3.50%-11.25% to 3.50%-9.50% and investment rate of return (and discount rate) decreased from 7.00% to 6.75%, and the mortality table changed to the Pub-2010 General Employee.

Municipal Employees' Retirement Plan
Schedule of the Authority's Payments

<u>Year</u>	<u>Required Contribution</u>	<u>Actual Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll funded by Authority payments</u>	<u>Contributions as a percentage of Covered Payroll</u>
2021	\$ 6,065	\$ 6,065	\$ -	\$ 37,908	16.00%
2020	5,668	5,668	-	36,568	15.50%
2019	5,352	5,352	-	34,531	15.50%
2018	5,172	5,172	-	33,368	15.50%
2017	3,822	3,822	-	33,235	11.50%
2016	3,741	3,741	-	32,530	11.50%
2015	3,572	3,572	-	31,064	11.50%
2014	3,056	3,056	-	30,564	10.00%
2013	3,073	3,073	-	30,732	10.00%
2012	2,851	2,851	-	30,658	9.30%

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
REQUIRED SUPPLEMENTARY INFORMATION (In thousands of dollars)
June 30, 2021 and 2020

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

<u>Year</u>	<u>Authority's proportion of total OPEB liability</u>	<u>Authority's proportionate share of total OPEB liability</u>	<u>Authority's covered payroll</u>	<u>Authority's proportionate share of total OPEB liability as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of total OPEB liability</u>
2021	36.18%	\$ 2,972	\$ 38,511	7.7%	0.00%
2020	36.19%	2,997	40,027	7.5%	0.00%
2019	34.73%	2,130	37,152	5.7%	0.00%
2018	35.25%	2,225	36,610	6.1%	0.00%
2017	35.67%	2,010	37,133	5.4%	0.00%
2016	35.68%	2,147	36,061	6.0%	0.00%

* Information prior to 2016 is not available.

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

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

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

Postemployment Benefits Other than Pensions Plan
Schedule of the Authority's Contributions

<u>Year</u>	<u>Required Contribution</u>	<u>Actual Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll funded by Authority payments</u>	<u>Contributions as a percentage of Covered Payroll</u>
2021	\$ 178	\$ 178	\$ -	\$ 38,511	0.46%
2020	121	121	-	40,027	0.30%
2019	161	161	-	37,152	0.43%
2018	71	71	-	36,610	0.19%
2017	440	440	-	37,133	1.18%
2016	284	284	-	36,061	0.79%

* Information prior to 2016 is not available.