

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

**FINANCIAL REPORT**  
**June 30, 2016 and 2015**

**TULSA PARKING AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**INDEX**  
**June 30, 2016 and 2015**

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	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Statements of Net Position	7
Statements of Revenues, Expenses and Changes in Net Position	9
Statements of Cash Flows	10
Notes to Financial Statements	12
Other Statistical Information	23



RSM US LLP

## Independent Auditor's Report

Board of Trustees  
Tulsa Parking Authority  
Tulsa, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Tulsa Parking Authority (the "Authority"), a component unit of the City of Tulsa, Oklahoma, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying other statistical information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**RSM US LLP**

Kansas City, Missouri  
October 31, 2016

**TULSA PARKING AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Years Ended June 30, 2016 and 2015**

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As management of the Tulsa Parking Authority (the "Authority"), a component unit of the City of Tulsa, Oklahoma (the "City"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended June 30, 2016 and 2015. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 7. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**Financial Highlights**

- The assets and deferred outflows of resources of the Authority exceeded liabilities at the close of the most recent year by \$21,943 (net position). Of this amount, \$4,565 represents unrestricted net position, which may be used to meet the Authority's ongoing obligations.
- The Authority's net position increased from \$19,029 at June 30, 2015 to \$21,943 at June 30, 2016. The Authority's net position increased \$2,914 and \$1,752, for the years ended June 30, 2016 and 2015, respectively.
- The Authority's total liabilities decreased by \$1,974 and \$1,774 at June 30, 2016 and 2015, respectively.

**Overview of the Financial Statements**

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

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

**TULSA PARKING AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, continued**  
**Years Ended June 30, 2016 and 2015**

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**Required Financial Statements**

The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position includes all of the Authority's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. It also provides the basis for assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the financial success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through user fees and other charges, profitability, and credit worthiness. The third required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and changes in cash resulting from operations, investing, and financing activities. The cash flow statement provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the period.

**Net Position**

The Authority's net position increased 15.31% from 19,029 at June 30, 2015 to \$21,943 at June 30, 2016. Net position increased 10.14% from \$17,277 at June 30, 2014 to \$19,029 at June 30, 2015. The following provides a summary of net position:

**SUMMARY OF NET POSITION**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current and other	\$ 9,957	\$ 8,083	\$ 7,010
Capital assets, net	<u>25,006</u>	<u>25,845</u>	<u>26,838</u>
Total assets	<u>34,963</u>	<u>33,928</u>	<u>33,848</u>
Total deferred outflows of resources	<u>476</u>	<u>571</u>	<u>673</u>
Current liabilities	2,096	2,187	2,110
Noncurrent liabilities	<u>11,400</u>	<u>13,283</u>	<u>15,134</u>
Total liabilities	<u>13,496</u>	<u>15,470</u>	<u>17,244</u>
Net investment in capital assets	15,102	14,574	13,546
Restricted	2,276	2,085	1,890
Unrestricted	<u>4,565</u>	<u>2,370</u>	<u>1,841</u>
Total net position	<u>\$ 21,943</u>	<u>\$ 19,029</u>	<u>\$ 17,277</u>

**TULSA PARKING AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, continued**  
**Years Ended June 30, 2016 and 2015**

In 2016, total assets experienced a net increase of \$1,035 or 3.05%. Increases of \$3,227 in cash, \$169 in accounts receivable, net, and decrease of \$1,502 in investments offset by the \$918 annual provision for depreciation make up most of the increase. Total liabilities decreased \$1,974 or 12.76% primarily due to the \$1,790 scheduled principal payment on revenue bonds.

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

**SUMMARY OF CHANGES IN NET POSITION**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating revenues	\$ 7,901	\$ 7,156	\$ 6,199
Capital contributions	-	-	20
Investment income	24	13	22
	<u>7,925</u>	<u>7,169</u>	<u>6,241</u>
Total revenues			
Depreciation expense	918	1,027	1,124
Other operating expense	3,672	3,934	3,277
Nonoperating expense	421	456	490
	<u>5,011</u>	<u>5,417</u>	<u>4,891</u>
Total expenses			
Change in net position	2,914	1,752	1,350
Net position, beginning of year	19,029	17,277	15,927
	<u>\$ 21,943</u>	<u>\$ 19,029</u>	<u>\$ 17,277</u>
Net position, end of year			

In 2016, the Authority's operating revenues increased \$745 or 10.41%. Parking facilities income accounted for \$718 of the increase with rental income from retail leasing accounting for the remaining \$27. Other operating expense decreased \$262 primarily due to \$406 less spent on repairs and maintenance on the parking facilities than the prior year. Revenues exceeded expenses resulting in an increase in net position of \$2,914.

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

In 2016, nonoperating expense decreased \$35 or 7.68% primarily due to decreased interest expense.

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

**TULSA PARKING AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, continued**  
**Years Ended June 30, 2016 and 2015**

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**Capital Assets**

The Authority's investment in capital assets as of June 30, 2016 amounts to \$25,006 (net of accumulated depreciation). At June 30, 2015 the Authority's investment in capital assets was \$25,845 (net of accumulated depreciation).

**CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Land	\$ 7,230	\$ 7,230	\$ 7,230
Construction in progress	-	-	206
Land improvements	637	637	637
Buildings	49,097	49,084	48,844
Equipment	990	924	924
	<u>57,954</u>	<u>57,875</u>	<u>57,841</u>
Less accumulated depreciation	<u>(32,948)</u>	<u>(32,030)</u>	<u>(31,003)</u>
Capital assets, net	<u>\$ 25,006</u>	<u>\$ 25,845</u>	<u>\$ 26,838</u>

**Debt**

At June 30, 2016 and 2015 the Authority had outstanding revenue bond debt of \$12,720 and \$14,470, respectively. The bonds issued in 2012 refunded all other revenue bonds. Principal payments began in 2014 and will continue until the bonds are paid in full in 2029.

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

**Requests for Information**

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



**TULSA PARKING AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**STATEMENTS OF NET POSITION**  
**June 30, 2016 and 2015**

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<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
	(In Thousands)	
Current assets:		
Cash and cash equivalents	\$ 5,279	\$ 3,126
Cash and cash equivalents, restricted	1,241	1,172
Accounts receivable	313	144
Investments	500	2,002
Interest receivable	4	3
Prepaid expense	487	506
Other assets	<u>1,018</u>	<u>1,020</u>
Total current assets	<u>8,842</u>	<u>7,973</u>
Noncurrent assets:		
Cash and cash equivalents, restricted	1,115	110
Nondepreciable capital assets	7,230	7,230
Depreciable capital assets, net	<u>17,776</u>	<u>18,615</u>
Total noncurrent assets	<u>26,121</u>	<u>25,955</u>
Total assets	<u>\$ 34,963</u>	<u>\$ 33,928</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred charge on refunding	<u>476</u>	<u>571</u>
Total deferred outflows of resources	<u>\$ 476</u>	<u>\$ 571</u>

(Continued)

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

**TULSA PARKING AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**STATEMENTS OF NET POSITION, Continued**  
**June 30, 2016 and 2015**

<b><u>LIABILITIES</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
	<b>(In Thousands)</b>	
Current liabilities:		
Accounts payable	\$ 37	\$ 137
Unearned revenue	60	73
Interest payable on revenue bonds	209	227
Current portion of revenue bonds	<u>1,790</u>	<u>1,750</u>
Total current liabilities	<u>2,096</u>	<u>2,187</u>
Noncurrent liabilities:		
Deposits subject to refund	4	4
Revenue bonds payable	10,930	12,720
Unamortized premium	<u>466</u>	<u>559</u>
Total noncurrent liabilities	<u>11,400</u>	<u>13,283</u>
Total liabilities	<u>13,496</u>	<u>15,470</u>
<b><u>NET POSITION</u></b>		
Net investment in capital assets	15,102	14,574
Restricted for:		
Debt service	2,276	2,085
Unrestricted net position	<u>4,565</u>	<u>2,370</u>
Total net position	<u>\$ 21,943</u>	<u>\$ 19,029</u>

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

**TULSA PARKING AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Years Ended June 30, 2016 and 2015**

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	<u>2016</u>	<u>2015</u>
	(In Thousands)	
Operating revenues:		
Parking facilities income	\$ 7,693	\$ 6,975
Rental income	208	181
	<u>7,901</u>	<u>7,156</u>
Total operating revenues		
Operating expenses:		
Contracting services	3,260	3,102
General and administrative	318	332
Repairs and maintenance	94	500
Depreciation	918	1,027
	<u>4,590</u>	<u>4,961</u>
Total operating expenses		
Operating income	<u>3,311</u>	<u>2,195</u>
Nonoperating revenues (expenses):		
Investment income	24	13
Interest and amortization expense	(421)	(456)
	<u>(397)</u>	<u>(443)</u>
Net nonoperating expenses		
Change in net position	<u>2,914</u>	<u>1,752</u>
Net position, beginning of year	<u>19,029</u>	<u>17,277</u>
Net position, end of year	<u>\$ 21,943</u>	<u>\$ 19,029</u>

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

**TULSA PARKING AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
	<u>(In Thousands)</u>	
Cash flows from operating activities:		
Cash received from customers, including cash deposits	\$ 7,719	\$ 7,128
Cash payments to suppliers for goods and services	(3,542)	(3,808)
Cash payments for quasi-external operating transactions	<u>(211)</u>	<u>(211)</u>
Net cash provided by operating activities	<u>3,966</u>	<u>3,109</u>
Cash flows from noncapital financing activities:		
Principal paid on revenue bonds	(385)	(370)
Interest paid on revenue bonds	(77)	(92)
Payment for forward delivery agreement	(3,176)	(3,365)
Receipts from forward delivery agreement	<u>3,178</u>	<u>3,360</u>
Net cash used by noncapital financing activities	<u>(460)</u>	<u>(467)</u>
Cash flows from capital and related financing activities:		
Principal paid on revenue bonds	(1,365)	(1,345)
Interest paid on revenue bonds	(359)	(379)
Acquisition and construction of capital assets	<u>(79)</u>	<u>(60)</u>
Net cash used by capital and related financing activities	<u>(1,803)</u>	<u>(1,784)</u>
Cash flows from investing activities:		
Investment income received	23	16
Purchase of investments	(500)	(501)
Sale or maturity of investments	<u>2,001</u>	<u>999</u>
Net cash provided by investing activities	<u>1,524</u>	<u>514</u>
Net change in cash and cash equivalents	3,227	1,372
Cash and cash equivalents, beginning of year	<u>4,408</u>	<u>3,036</u>
Cash and cash equivalents, end of year	<u>\$ 7,635</u>	<u>\$ 4,408</u>

(Continued)

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

**TULSA PARKING AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**STATEMENTS OF CASH FLOWS, Continued**  
**Years Ended June 30, 2016 and 2015**

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	<u>2016</u>	<u>2015</u>
	(In Thousands)	
Reconciliation of cash and cash equivalents to the Statements of Net Position:		
Current unrestricted cash and cash equivalents	\$ 5,279	\$ 3,126
Current restricted cash and cash equivalents	1,241	1,172
Restricted cash and cash equivalents	<u>1,115</u>	<u>110</u>
Total cash and cash equivalents	<u>\$ 7,635</u>	<u>\$ 4,408</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 3,311	\$ 2,195
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	918	1,027
Increase in accounts receivable	(169)	(42)
Decrease (increase) in prepaid expense	19	(156)
(Decrease) increase in accounts payable	(100)	71
(Decrease) increase in unearned revenue	<u>(13)</u>	<u>14</u>
Net cash provided by operating activities	<u>\$ 3,966</u>	<u>\$ 3,109</u>
Noncash capital and investing activities:		
Increase in fair value of investments	\$ -	\$ 4

**TULSA PARKING AUTHORITY**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**NOTES TO FINANCIAL STATEMENTS (In thousands of dollars)**  
**June 30, 2016 and 2015**

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

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

**REPORTING ENTITY** - The Authority is a public trust whose trustees consist of the Mayor and four trustees who are appointed by the Mayor. The City provides certain resources to the Authority. The City is the sole beneficiary of the trust and will receive the remaining assets of the trust upon termination. The Authority is a component unit of the City and is included in the City’s Comprehensive Annual Financial Report as a discretely presented component unit.

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

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

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

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 any amounts held by the City’s internal 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.

# TULSA PARKING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued

June 30, 2016 and 2015

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

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

The Authority experienced increases in the fair value of investments of approximately \$0 and \$4, for the years ended June 30, 2016 and 2015, respectively. Realized gains and losses as well as changes in fair value of investments are reported in investment income or loss in the Statement of Revenues, Expenses, and Changes in Net Position.

**FAIR VALUE MEASUREMENT** – During the fiscal year ending June 30, 2016 the Authority adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for determining a fair value measurement for financial reporting purposes. 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 the market and participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The Authority categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

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

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

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

Hierarchy - the fair value 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.

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

# TULSA PARKING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued

June 30, 2016 and 2015

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

**CAPITAL ASSETS** – Capital assets purchased or acquired 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. Interest incurred during the construction phase of capital assets of the enterprise activities is included as part of the capitalized value of the assets constructed. Capital assets which are sold or disposed have their cost and related accumulated depreciation removed from the records. The related gain or loss is recorded in the period of sale or disposal.

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

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

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

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

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

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

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

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



# TULSA PARKING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued

June 30, 2016 and 2015

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

**RECLASSIFICATIONS** – Certain reclassifications have been made to the 2015 financial statements to conform to the 2016 financial statement presentation. These reclassifications had no effect on total net position or changes in net position.

### 2. CASH DEPOSITS AND INVESTMENTS

**CASH AND CASH EQUIVALENTS** – Cash deposits of the Authority are maintained within the City’s pooled portfolio. The City’s pooled portfolio consists primarily of time deposits and other securities guaranteed by the United States Government or its agencies. At June 30, 2016 and 2015 the Authority maintained balances of \$1,199 and \$596, respectively, in the City’s pooled portfolio which represented 0.17% and 0.08%, 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, 2016 and 2015.

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

**INVESTMENTS** – For the years ended June 30, the Authority had the following investments:

<b>June 30, 2016</b>		<b>Maturities in Years</b>		<b>Fair Value</b>
<b>Type</b>	<b>Fair Value</b>	<b>Less than 1</b>	<b>1-5</b>	<b>Measurement</b>
U.S. Treasury securities	\$ 500	\$ 500	\$ -	Level 1

  

<b>June 30, 2015</b>		<b>Maturities in Years</b>		<b>Fair Value</b>
<b>Type</b>	<b>Fair Value</b>	<b>Less than 1</b>	<b>1-5</b>	<b>Measurement</b>
FNMA	\$ 1,001	\$ 1,001	\$ -	Level 2
U.S. Treasury securities	1,001	1,001	-	Level 1
	<u>\$ 2,002</u>	<u>\$ 2,002</u>	<u>-</u>	

In addition, the Authority has money market accounts of \$6,230 and \$3,730 as of June 30, 2016 and 2015, respectively, which are reported as cash equivalents on the statement of net position.

# TULSA PARKING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued

June 30, 2016 and 2015

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### 2. CASH DEPOSITS AND INVESTMENTS, continued

**Interest Rate Risk** – Interest rate risk is the risk that a change in interest rates will adversely affect the value of an investment. For investments not restricted by bond requirements, the Authority utilizes the City’s investment policy as a means of limiting its exposure to fair value losses arising from rising interest rates. For restricted funds, bond requirements limit the type of investments that can be acquired and consist of U.S. agency obligations, U.S. Treasury Securities and money market accounts.

**Credit Risk** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority’s bond indenture dictates the types of investments that can be purchased thereby reducing credit risk. The Authority’s investments in U.S. Treasury Securities are not subject to credit risk. At June 30, 2015, the Authority’s investments in U.S. agencies obligations not directly guaranteed by the U.S. government were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investment Services, respectively.

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

Deposits and investments – The Authority’s deposit policy for custodial credit risk requires compliance with provisions of state law and that demand deposits be collateralized at least 110% of the amount that is not federally insured. As of June 30, 2016 and 2015, the Authority’s bank balances of deposits with financial institutions of \$206 and \$82, respectively, and the Authority’s money market accounts, were not exposed to custodial credit risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the Authority’s investments in U.S. agency obligations at June 30, 2016 and 2015 are insured or are registered securities held by the Authority or by its agent in the Authority’s name.

**Concentration of Credit Risk** – The Authority places no limit on the amount that may be invested in any one issuer. At June 30, 2016 and 2015, The Authority’s investments in U.S. Treasury securities are not subject to concentration of credit risk disclosure. At June 30, 2015 the Authority’s investments in Federal National Mortgage Association constituted 50% of its total investments.

**TULSA PARKING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued**  
**June 30, 2016 and 2015**

**3. CAPITAL ASSETS**

The changes in capital assets during the years ended June 30, 2016 and 2015 are summarized as follows:

<b>June 30, 2016</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Nondepreciable capital assets:				
Land	\$ 7,230	\$ -	\$ -	\$ 7,230
Total nondepreciable capital assets	7,230	-	-	7,230
Depreciable capital assets:				
Land improvements	637	-	-	637
Buildings	49,084	13	-	49,097
Equipment	924	66	-	990
Total depreciable capital assets	50,645	79	-	50,724
Less accumulated depreciation:				
Land improvements	(38)	(26)	-	(64)
Buildings	(31,282)	(806)	-	(32,088)
Equipment	(710)	(86)	-	(796)
Total accumulated depreciation	(32,030)	(918)	-	(32,948)
Total depreciable capital assets, net	18,615	(839)	-	17,776
Capital assets, net	\$ 25,845	\$ (839)	\$ -	\$ 25,006
<b>June 30, 2015</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Nondepreciable capital assets:				
Land	\$ 7,230	\$ -	\$ -	\$ 7,230
Construction in progress	206	37	(243)	-
Total nondepreciable capital assets	7,436	37	(243)	7,230
Depreciable capital assets:				
Land improvements	637	-	-	637
Buildings	48,844	240	-	49,084
Equipment	924	-	-	924
Total depreciable capital assets	50,405	240	-	50,645
Less accumulated depreciation:				
Land improvements	(13)	(25)	-	(38)
Buildings	(30,365)	(917)	-	(31,282)
Equipment	(625)	(85)	-	(710)
Total accumulated depreciation	(31,003)	(1,027)	-	(32,030)
Total depreciable capital assets, net	19,402	(787)	-	18,615
Capital assets, net	\$ 26,838	\$ (750)	\$ (243)	\$ 25,845

**TULSA PARKING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued**  
**June 30, 2016 and 2015**

**4. PARKING REVENUE BONDS**

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

Bond activity during the year ended June 30, 2016 is as follows:

<u>Bonds, Series and Maturity Dates</u>	<u>Issue Amount</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Refunding Series 2012, 2029	\$ 17,860	2.0% - 4.0%	\$ 14,470	\$ -	\$ 1,750	\$ 12,720	\$ 1,790
			\$ 14,470	\$ -	\$ 1,750	\$ 12,720	\$ 1,790

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

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

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

# TULSA PARKING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued

June 30, 2016 and 2015

### 4. PARKING REVENUE BONDS, continued

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

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

	Series 2012	
	Principal	Interest
2017	1,790	392
2018	1,855	337
2019	1,910	281
2020	970	238
2021	535	212
2022-2026	3,020	716
2027-2029	2,640	141
	<u>\$ 12,720</u>	<u>\$ 2,317</u>

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

In consideration of the monthly debt service deposit, Wachovia will deliver qualified securities as collateral to the Trustee on the stated delivery dates. The Trustee, from the funds provided by the debt service deposit, will purchase the securities for an amount equal to the maturity amount. The maturity amount is the amount payable in cash, representing principal and interest due based on the original maturity date of the 2002 bonds that were defeased. At delivery of the securities to the Trustee, the delivery notice specifies the maturity amount (amount paid by the Trustee) and the market value of the securities and any difference (the differential). The Trustee holds these securities until the next bond payment, which at that time, the securities mature and the proceeds are used to make principal and interest payments on the outstanding Series 2012 bonds. In terms of credit risk, the monthly debt service funds deposited with Wachovia are 100% collateralized by acceptable securities. The collateral could be liquidated by the Trustee should Wachovia fail to fulfill the Agreement. As of June 30, 2016 and 2015, the value of the collateral is \$1,018 and \$1,020, respectively, and is reported as other assets on the Statement of Net Position.

# **TULSA PARKING AUTHORITY**

## **NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued**

**June 30, 2016 and 2015**

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### **5. PARKING REVENUES PLEDGED**

The Authority has pledged future gross revenues derived from the operations of the parking facilities to repay \$17,860 in revenue bonds issued. Proceeds from the bonds provided financing for various parking facilities and debt refundings. The bonds are payable solely from gross revenues and are payable through July 2028. Principal payments were \$1,750 and \$1,715 in 2016 and 2015, respectively. Interest paid for 2016 and 2015 was \$436 and \$471, respectively. Annual principal and interest payments on the bonds required 28% and 30% of gross revenues in 2016 and 2015. Total gross revenues were \$7,925 and \$7,169 in 2016 and 2015. The total principal and interest remaining to be paid on the bonds is \$15,037.

### **6. PARKING FACILITY LEASES**

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

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

The operating leases are:

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

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

### **7. OPERATING AGREEMENTS**

The Authority has entered into various operating agreements for the operations and maintenance of System parking facilities in accordance with the Bond Indenture. Pursuant to the operating agreements, the operator is responsible for submitting an annual budget and, if necessary any revisions thereto to the Authority, including among other things, adjustments to the current rate structure of charges for parking, subject in all events to the adoption and approval by the Authority. The agreements generally provide that the Authority will advance funds to the operator to pay operating costs on a monthly basis, based upon the budget. Included in the operating costs was a management fee of \$64 for each year ended June 30, 2016 and 2015. The management fee is included in Contracting Services on the Statement of Revenues, Expenses and Changes in Net Position. A settlement is made annually when the actual expenses incurred by the operator are known. All revenues received from the parking facilities are deposited with the bond trustee.

# TULSA PARKING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued

June 30, 2016 and 2015

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### 7. OPERATING AGREEMENTS, continued

100 West Facility- Operated by American Parking, Inc. (“American”). Under this agreement, the Authority incurred costs of \$469 and \$497 for the years ended June 30, 2016 and 2015, respectively.

Main Street Parking Facility and retail areas- Operated by American. Under this agreement, the Authority incurred costs of \$709 and \$721 for the years ended June 30, 2016 and 2015, respectively.

Civic Center Parking Facilities- Operated by American. Under this agreement the Authority incurred costs of \$685 and \$639 for the years ended June 30, 2016 and 2015, respectively.

North and South Parking Facilities- Operated by Central Parking Systems, Inc. (“Central”). Under this agreement, the Authority incurred costs of \$1,406 and \$1,190 for the years ended June 30, 2016 and 2015, respectively.

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

### 8. RISK MANAGEMENT

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

### 9. RELATED PARTY TRANSACTIONS

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

	<u>2016</u>	<u>2015</u>
Contracting services, staff support from the City	<u>\$ 211</u>	<u>\$ 211</u>
Rental income, from Tulsa Performing Arts Center Trust for management of parking lot	<u>\$ 5</u>	<u>\$ 5</u>
Payments from the City of Tulsa for employee and department parking	<u>\$ 71</u>	<u>\$ 73</u>

# **TULSA PARKING AUTHORITY**

## **NOTES TO FINANCIAL STATEMENTS (In thousands of dollars), continued**

**June 30, 2016 and 2015**

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### **10. SUBSEQUENT EVENTS**

**Land Purchase** - On September 29, 2016 the Authority closed on a land purchase in the amount of \$2,068. This parcel is located in downtown Tulsa and will be used in conjunction with future construction of a parking garage.



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

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**PARKING SYSTEM** – The system’s parking facilities currently provide 6,336 parking spaces. The facilities and spaces are as follows:

- Main Street Parking Facility (1,167 spaces)
- Civic Center Parking Facility (1,395 spaces)
- Underground Parking Facility (515 spaces)
- Metered Spaces adjacent to the Civic Center (238 spaces)
- South Garage (759 spaces)
- North Garage (1,071 spaces)
- 100 West Facility (1,191 spaces)

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

<u>Year</u>	<u>Gross<sup>1</sup> Revenue</u>	<u>Direct Operating Expenses</u>	<u>Available for Debt Service</u>	<u>Principal<sup>2</sup></u>	<u>Debt Service Interest</u>	<u>Total</u>	<u>Coverage</u>
2016	\$ 7,925	\$ 3,672	\$ 4,253	\$ 1,750	\$ 436	\$ 2,186	1.95
2015	7,169	3,934	3,235	1,715	471	2,186	1.48
2014	6,221	3,277	2,944	1,675	505	2,180	1.35
2013	6,394	3,966	2,428	-	277	277	8.78
2012	6,103	3,438	2,666	1,420	1,245	2,665	1.00
2011	5,860	3,580	2,281	1,375	905	2,280	1.00
2010	5,760	2,834	2,926	1,330	951	2,281	1.28
2009	5,839	2,655	3,184	1,280	997	2,277	1.40
2008	5,280	2,343	2,937	1,235	1,042	2,277	1.29
2007	5,458	2,201	3,257	1,195	1,083	2,278	1.43

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

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

