

Tulsa County Industrial Authority

Financial Statements
and
Independent Auditor's Report

June 30, 2016 and 2015

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Independent Auditor's Report

Board of Trustees
Tulsa County Industrial Authority
Tulsa, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Tulsa County Industrial Authority, Tulsa, Oklahoma, (the Authority), a component unit of Tulsa County, 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

The Authority's 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 auditors' 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 respective financial position of the governmental activities and each major fund of the Authority as of June 30, 2016 and 2015, and the respective changes in its financial position 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 Management's Discussion and Analysis on pages 5-12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Schedules of Eliminations/Reclassifications for Reporting in Tulsa County Comprehensive Annual Financial Report on pages 44 and 45 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Tulsa, Oklahoma
October 7, 2016

Stanfield & O'Sell P.C.

**Management's Discussion
And Analysis**

Management Discussion and Analysis

Management's discussion and analysis (MD&A) of Tulsa County Industrial Authority's (the Authority) financial performance provides an overview of the financial activities of the Authority for the fiscal years ending June 30, 2016, June 30, 2015, and June 30, 2014.

The Authority is a component unit of Tulsa County (the County) and is a public trust created under Oklahoma Statutes, Title 60. The Authority was created on March 1, 1965 and its beneficiary is Tulsa County should its purpose be fulfilled. The Authority is included as a blended unit in the government-wide financial statements of the County's Comprehensive Annual Financial Report.

The operations of the Authority are classified as governmental activities because of the capital projects that are being constructed under the Vision 2025, Juvenile Justice Center and David L Moss Criminal Justice Center expansion voter initiatives. During fiscal year 2014, approximately \$9.6 million of Capital Improvement Revenue Bonds were issued for expansion of the David L Moss Criminal Justice Center. During fiscal year 2016, \$3.1 million of Capital Improvement Revenue Bonds were issued for expansion of the David L Moss Criminal Justice Center. Also during fiscal year 2016, approximately \$38 million of Capital Improvement Revenue Bonds were issued for the construction of the Juvenile Justice Courts and Detention Center. During fiscal year 2007, 2006, 2005, and 2003, approximately \$32 million, \$60 million, \$150 million, and \$242 million, respectively of Capital Improvement Revenue Bonds were issued to finance capital improvements for Vision 2025 projects. These Capital Improvement Revenue Bonds are to be repaid from a dedicated revenue source, e.g., monthly sales tax collections. These financing and investing activities define governmental activities not "business type" activities and focuses on current available financial resources, the near-term inflows and outflows of financial or spendable resources. The expenditure of capital outlay is for the benefit of Tulsa County, other municipalities, and other third parties.

Additionally, the Authority has issued revenue bonds for certain capital projects of Tulsa County, and its discretely presented component unit, Tulsa City/County Health Department (TCCHD). Also, the Authority has issued an American Recovery and Reinvestment Act (ARRA) Note for certain capital projects of Tulsa County. These bonds and ARRA note are funded solely by capital lease revenue paid by Tulsa County and TCCHD, and project agreement revenue paid by Tulsa County. The capital lease and project agreements are written so that the capital lease and project revenue will be sufficient to make all debt service payments on the bonds. The bonds and capital leases are accounted for in a separate governmental debt service fund while the bonds and project agreement are accounted for in a separate governmental special revenue fund set up specifically for those activities.

Please review the MD&A in conjunction with the information presented in the accompanying financial statements.

Financial Highlights

- The change in net position totaled \$47.9 million and \$43.0 million for the fiscal years ended June 30, 2016 and 2015, respectively.
- \$11.6 million and \$6.4 million were spent during fiscal years ending June 30, 2016 and June 30, 2015, respectively, on Vision 2025 capital improvements; nearly \$578.8 million has been spent project to date on these capital improvements. The Vision 2025 projects are now approximately 100% complete when compared to the original budget.
- \$11.4 million and \$1 million were spent during fiscal years ended June 30, 2016 and June 30, 2015, respectively, on expansion of the Tulsa County jail. The jail expansion project is approximately 84% complete through June 30, 2016.
- The amount of outstanding conduit debt obligations as of June 30, 2016 and 2015 was \$691.3 million and \$573.1 million respectively. The amount of outstanding conduit debt obligations as of June 30, 2016 is \$118.2 million higher than the balance on June 30, 2015.

Other Information

Conduit Debt

From time to time, the Authority has issued industrial revenue bonds and other debt instruments that provide financial assistance to the private sector and other governmental entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds and notes are secured by the property financed, and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. No political subdivision (including the Authority and Tulsa County) is obligated in any manner for repayment of the bonds. Accordingly, the bonds and notes are not reported as assets or liabilities in the accompanying Authority's financial statements. Any fees assessed in financing third party conduit debt are recognized as revenue in the accompanying financial statements.

Overview of the Financial Statements

In accordance with Government Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis – for state and local governments, the Authority's financial statements must be presented under a full accrual basis of accounting and the economic resource measurement focus. Under this method of accounting, revenues are recognized when earned and expenses when incurred, irregardless of the related cash flows. The Authority's accrual basis financial statements presented in this report are the Statement of Net Position and the Statement of Activities. The government-wide financial statements provide the long-term, economic perspective needed to complement the short-term financing perspective offered by the governmental funds.

The individual fund financial statements reported in subsequent pages reflect the activities of the Authority and are reported in the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance. The individual funds used in the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance are the General Fund, Capital Projects Fund, Sales Tax Debt Service Fund, Capital Lease Debt Service Fund, Jail Expansion Special Revenue Fund, Juvenile Justice Special Revenue Fund, and Energy Program Special Revenue Fund. All financial activities are recorded in the funds using the modified accrual basis of accounting and the flow of current financial resources measurement focus. Under this basis of accounting, revenues are recognized when “measurable and available”. Measurable means the amount of the transaction can be determined (capable of being expressed in dollar terms) and available means collectible within the current period or soon enough thereafter to be used to pay current liabilities. Expenditures are recorded when the related fund liability is incurred.

Under the flow of current financial resources, only current assets and current liabilities are recognized on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance includes only net current increases (revenues and other financing sources) and decreases (expenditures and other financing uses). The Authority’s current financial resources helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority’s programs.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements also describe accounting policies, methods of accounting and the fund structure used by the Authority.

Government-wide Financial Statements

Statement of Net Position

The Statement of Net Position shows the financial position of asset, deferred outflow, liability, deferred inflow and net position accounts as of the last day of the fiscal year. The excess of assets and deferred outflows over liabilities and deferred inflows is reported as net position. The following Table 1 is a condensed summary of the Statement of Net Position for the fiscal years ending June 30, 2016, 2015, and 2014.

Net Position
(In Thousands)

	2016	2015	% Inc. (Dec.)	2014	% Inc. (Dec.)
Cash and cash equivalents	\$ 434	\$ 391	11%	\$ 471	-17%
Restricted cash and cash equivalents	133,872	91,135	47%	88,276	3%
Other current assets-restricted	9,395	9,191	2%	8,753	5%
Lease/project receivable	15,414	15,854	-3%	15,591	2%
Capital assets	2,361	2,361	0%	2,361	0%
Total assets	<u>161,476</u>	<u>118,932</u>	36%	<u>115,452</u>	3%
Deferred outflows of resources	370	416	-11%	461	-10%
Total assets and deferred outflows of resources	<u>\$ 161,846</u>	<u>\$ 119,348</u>	36%	<u>\$ 115,913</u>	3%
Current liabilities	\$ 54,532	\$ 50,802	7%	\$ 51,806	-2%
Noncurrent liabilities	<u>65,176</u>	<u>74,319</u>	-12%	<u>112,893</u>	-34%
Total liabilities	<u>119,708</u>	<u>125,121</u>	-4%	<u>164,699</u>	-24%
Deferred inflows of resources	<u>76</u>	<u>82</u>	-7%	<u>89</u>	-8%
Net position:					
Net investment in capital assets	2,146	1,791	20%	1,450	24%
Restricted for debt service/capital projects	52,451	42,306	24%	45,276	-7%
Unrestricted	<u>(12,535)</u>	<u>(49,952)</u>	-75%	<u>(95,601)</u>	-48%
Total net position (deficit)	<u>\$ 42,062</u>	<u>(\$ 5,855)</u>	-818%	<u>(\$ 48,875)</u>	-88%
Total Liabilities, deferred inflows of resources, and net position	<u>\$ 161,846</u>	<u>\$ 119,348</u>	36%	<u>\$ 115,913</u>	3%

Explanations for changes in excess of 20% and \$1 million are as follows:

Restricted cash and cash equivalents (2016) – increased \$42.7 million (47%) due mainly to the addition of the cash accounts for the Juvenile Justice Center 2016 revenue bonds.

Noncurrent liabilities (2015) – decreased \$38.6 million (34%) due mainly to the normal pay-down of revenue bonds related to the Vision 2025 projects.

Unrestricted net position deficit (2015) – decreased by \$45.6 million (48%) due mainly to excess unrestricted revenues over expenses of \$43 million.

Unrestricted net position deficit (2016) – decreased by \$37.4 million (75%) due mainly to excess unrestricted revenues over expenses of \$48 million.

Statement of Activities

The Statement of Activities shows the activity that occurred during the fiscal years ended June 30, 2016, 2015, and 2014. The Statement of Activities deducts program revenues from expenses categorized by function or program to arrive at net (expense) revenue. From the net (expense) revenue any general revenues are added in to derive the change in net position. This format

identifies the extent to which each function of the government draws from the general revenues of the government or is self-financing. The following condensed summary of the Statement of Activities demonstrates that the analysis of the Authority's financial condition is primarily focused on total revenues, uncapitalized capital outlay, bond principal expenditure, bond interest expenditure, transfers from beneficiary, proceeds from revenue bonds, and beginning and ending net position.

Changes in Net Position
(In Thousands)

	<u>2016</u>	<u>2015</u>	<u>% Inc.</u> <u>(Dec.)</u>	<u>2014</u>	<u>% Inc.</u> <u>(Dec.)</u>
Revenues:					
Program revenues:					
Charges for services	\$ 763	\$ 727	5%	\$ 743	-2%
General revenues:					
Sales and use taxes	73,101	66,794	9%	61,896	8%
Transfer from County	2,920	-	100%	-	0%
Other general revenues	<u>772</u>	<u>697</u>	11%	<u>696</u>	0%
Total revenues	<u>77,556</u>	<u>68,218</u>	14%	<u>63,335</u>	8%
Program expenses:					
General government	3,058	2,479	23%	2,271	9%
Vision 2025	11,644	6,425	81%	2,035	216%
Jail expansion	11,413	946	1106%	-	100%
4 to Fix II	-	-	0%	1,029	-100%
Juvenile detention center	41	-	100%	-	0%
Interest on long-term debt	3,183	5,255	-39%	7,274	-28%
Transfers to County	<u>300</u>	<u>10,093</u>	-97%	-	100%
Total expenses	<u>29,639</u>	<u>25,198</u>	18%	<u>12,609</u>	100%
Change in net position	47,917	43,020	11%	50,726	-15%
Beginning net position (deficit)	<u>(5,855)</u>	<u>(48,875)</u>	-88%	<u>(99,601)</u>	-51%
Ending net position (deficit)	<u>\$ 42,062</u>	<u>(\$ 5,855)</u>	-818%	<u>(\$ 48,875)</u>	-88%

Explanations for changes in excess of 20% and \$1 million are as follows:

Vision 2025 (2016) – increase of \$5.2 million (81%) due mainly to additional cash projects being added and an effort to complete ongoing projects.

Vision 2025 (2015) – increase of \$4.4 million (216%) due mainly to additional cash projects being added and an effort to complete ongoing projects.

Jail Expansion (2016) – increase of \$10.5 million (1106%) due mainly to most of the construction on the project occurred in current year. Project is expected to be completed in December 2016.

4 to Fix II (2015) – decrease of \$1 million (100%) due to remaining projects and funds being transferred to Tulsa County for expenditure and administration.

Interest on long-term debt (2015) – decrease of \$2 million (28%) due mainly to less interest owed on capital improvement revenue bonds for Vision 2025.

Interest on long-term debt (2016) – decrease of \$2.1 million (39%) due mainly to less interest owed on capital improvement revenue bonds for Vision 2025.

Transfer from County (2016) – increase of \$2.9 million (100%) due mainly to one-time transfer of Juvenile Justice funds held by County.

Transfers to County (2015) – In August 2014, the remaining funds of approximately \$10.1 million for 4 to Fix the County II projects was transferred to Tulsa County for expenditure and administration.

Transfers to County (2016) – decrease of \$9.8 million (97%) due mainly to one-time transfer in 2015 of remaining 4-to-Fix funds.

Expenses for Vision 2025: As projects are completed and bond proceeds used, these expenses continue to decline. The following table shows the level of completion and current year expenses for major categories of projects.

Vision 2025

The following schedule depicts the status on a cash basis of selected major capital projects (arranged by voter proposition) as of June 30, 2016 with the amount expended this fiscal year, the total expended project to date, as well as the percentage of completion as of June 30, 2016 as compared to the budget.

<u>Voter Proposition</u>	<u>Capital Project</u>	<u>Expended this Fiscal Year</u>	<u>Total Expended Project-to-Date</u>	<u>Percentage Completed</u>
American Airlines	American Airlines	\$ -	\$ 22,300,000	100.0%
Economic Development	OU-Tulsa	-	30,000,000	100.0%
Economic Development	OSU-Tulsa	-	28,500,000	100.0%
Economic Development	NSU-Broken Arrow	-	26,000,000	100.0%
Economic Development	Tulsa Regional Convention	-	228,500,098	100.0%
Economic Development	Expo Square	-	40,000,000	100.0%
Community Enrichment	Tulsa County Parks	-	12,277,763	96.7%
Community Enrichment	Route 66	126,961	9,942,577	66.3%
Community Enrichment	Downtown Tulsa	30,403	21,478,172	99.5%
Community Enrichment	Owasso Medical	-	4,500,000	100.0%
Community Enrichment	61st Street City	-	2,730,359	100.0%

There is a balance of \$47,715,000 of outstanding bonds as of June 30, 2016, related to the Vision 2025 projects. These bonds will be repaid with pledged sales tax revenues remitted from the County and debt service reserve funds.

Overall Financial Position and Results of Operation

General Fund

The General Fund reported revenues over expenses of approximately \$42,000. This represents a decrease in expenses from fiscal year 2015 of \$45,000 (or 38%) and an increase in revenue from fiscal year 2015 of \$60,000 (or 108%). The major transactions in the General Fund of the Industrial Authority for the fiscal year ending June 30, 2016, were the receipt of issuer fees of about \$115,000 (an increase of \$60,000 from last year) and the payment of \$35,000 to the Tulsa Chamber of Commerce for Tulsa's future economic development plan (a decrease of \$35,000 from last year) as well as audit fees of \$30,000.

Capital Assets

The reported amount since June 30, 2005 has been \$2,360,964, which represents the cost of land acquired by the Industrial Authority.

Long-term Debt Activity

The following represents a summary of the revenue bond activity for the years ending June 30, 2016 and 2015:

Table 4
Long-term Debt
(In Thousands)

	Balance 7-01-14	Additions	Deletions	Balance 6-30-15
Revenue bonds payable-2003 A&B	\$ 93,435	\$ -	\$ 35,020	\$ 58,415
Revenue bonds payable-2005 A&B	15,890	-	-	15,890
Revenue bonds payable-2005 C	18,875	-	6,100	12,775
Revenue bonds payable-2006 B&C	14,285	-	7,860	6,425
Revenue bonds payable-2010 Rec Fac	4,740	-	380	4,360
Revenue bonds payable-2010 TCCHD	10,415	-	245	10,170
Revenue bonds payable-2013 Sheriff	1,505	-	155	1,350
Revenue bonds payable-2014 DLM Jail	-	9,595	-	9,595
ARRA loan payable - 2014	-	403	-	403
Total	<u>\$ 159,145</u>	<u>\$ 9,998</u>	<u>\$ 49,760</u>	<u>\$ 119,383</u>
	Balance 7/1/2015	Additions	Deletions	Balance 6-30-16
Revenue bonds payable-2003 A&B	\$ 58,415	\$ -	\$ 36,415	\$ 22,000
Revenue bonds payable-2005 A&B	15,890	-	-	15,890
Revenue bonds payable-2005 C	12,775	-	6,275	6,500
Revenue bonds payable-2006 B&C	6,425	-	3,100	3,325
Revenue bonds payable-2010 Rec Fac	4,360	-	385	3,975
Revenue bonds payable-2010 TCCHD	10,170	-	245	9,925
Revenue bonds payable-2013 Sheriff	1,350	-	160	1,190
Revenue bonds payable-2014 DLM Jail	9,595	-	510	9,085
ARRA loan payable - 2014	403	652	66	989
Revenue bonds payable-2015 DLM Jail	-	3,100	-	3,100
Revenue bonds payable-2016 Juvenile Center	-	38,020	-	38,020
Total	<u>\$ 119,383</u>	<u>\$ 41,772</u>	<u>\$ 47,156</u>	<u>\$ 113,999</u>

Please refer to Note F as it provides additional detail on long-term debt.

Consequence of Converting to the Full Accrual Basis of Accounting and Complying with a GASB Interpretation

The conversion to the full accrual basis of accounting and the compliance with a GASB Interpretation causes the reclassification of a component part of net position in the Statement of Net Position. The result of adding the current and non-current portion of revenue bonds payable to the positive amount of restricted fund balance on the Balance Sheet-Governmental Funds results in a negative balance in restricted for debt service on the Statement of Net Position. Debt service is to be repaid from future sales tax collections and is a different revenue stream from the proceeds of bonds which finances the Vision 2025 projects. GASB Interpretation does not permit a negative balance in a restricted net position account; hence the requirement to reclassify the negative balance in the restricted for debt service account to an unrestricted account.

Request for Information

This financial report is designed to provide the reader a general overview of the Industrial Authority's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the office of the Finance Officer, 500 South Denver, Room 114, Tulsa, Oklahoma 74103-3832.

Financial Statements

Tulsa County Industrial Authority

Statements of Net Position

June 30,

	Governmental Activities	
	2016	2015
Assets		
Current Assets		
Cash and cash equivalents	\$ 433,510	\$ 390,754
Restricted cash, cash equivalents and investments	133,872,490	91,135,356
Interest receivable - restricted	108,556	100,502
Loan to Tulsa County	200,000	500,000
Due from Tulsa County - restricted	9,086,420	8,590,400
Current portion of lease receivable	769,948	742,837
Current portion of long-term loan to Tulsa County	66,196	65,541
	<u>144,537,120</u>	<u>101,525,390</u>
Non-Current Assets		
Land	2,360,964	2,360,964
Lease receivable from related party	13,654,007	14,405,625
Long-term loan to Tulsa County	923,263	640,910
Total assets	<u>161,475,354</u>	<u>118,932,889</u>
Deferred Outflows of Resources		
Deferred charge on refunding	370,264	415,602
Total Assets and Deferred Outflows of Resources	<u>\$ 161,845,618</u>	<u>\$ 119,348,491</u>
Liabilities		
Current Liabilities		
Accounts payable from restricted assets	\$ 3,665,320	\$ 2,849,563
Interest payable from restricted assets	730,476	796,824
Revenue bonds payable - current portion paid from restricted assets	50,136,196	47,155,541
	<u>54,531,992</u>	<u>50,801,928</u>
Non-Current Liabilities		
Revenue bonds payable - long-term portion paid from restricted assets	63,863,263	72,227,293
Unamortized revenue - bond premium - restricted	1,312,575	2,092,116
Total Liabilities	<u>119,707,830</u>	<u>125,121,337</u>
Deferred Inflows of Resources		
Deferred gain on refunding	75,530	82,050
Net Position		
Net investment in capital assets	2,146,464	1,791,417
Restricted for debt service/capital projects	52,450,765	42,305,636
Unrestricted deficit	(12,534,971)	(49,951,949)
Total Net Position (deficit) - (Note J)	<u>42,062,258</u>	<u>(5,854,896)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 161,845,618</u>	<u>\$ 119,348,491</u>

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

Tulsa County Industrial Authority

Statement of Activities

Year Ended June 30, 2016

	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions / Programs					
Primary government	3,057,619	\$ 115,222	\$ -	\$ -	\$ (2,942,397)
General government:					
Vision 2025 expenses for other governmental entities	11,644,232	-	-	-	(11,644,232)
Jail expansion expenses for other governmental entities	11,413,273	-	-	-	(11,413,273)
Juvenile detention center expenses for other governmental entities	41,005	-	-	-	(41,005)
Interest on long-term debt	3,183,243	648,053	-	-	(2,535,190)
Total Government Activities	<u>\$ 29,339,372</u>	<u>\$ 763,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28,576,097)</u>

Changes in Net Position:

Net (expense) revenue	\$ (28,576,097)
Sales tax collections transferred from County	73,100,881
Investment earnings	772,145
Transfer to beneficiary	(300,000)
Other transfers from beneficiary	<u>2,920,225</u>
Change in net position	47,917,154
Net position (deficit) - beginning of year	<u>(5,854,896)</u>
Net position - end of year	<u>\$ 42,062,258</u>

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

Tulsa County Industrial Authority

Statement of Activities

Year Ended June 30, 2015

	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions / Programs					
Primary government	\$ 2,479,018	\$ 55,466	\$ -	\$ -	\$ (2,423,552)
General government:					
Vision 2025 expenses for other governmental entities	6,425,061	-	-	-	(6,425,061)
4 to Fix II expenses for other governmental entities	946,285	-	-	-	(946,285)
Interest on long-term debt	5,255,397	671,855	-	-	(4,583,542)
Total Government Activities	<u>\$ 15,105,761</u>	<u>\$ 727,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,378,440)</u>

Changes in Net Position:

Net (expense) revenue	\$ (14,378,440)
Sales tax collections transferred from County	66,794,322
Investment earnings	695,947
Bond premium	952
Transfers to County	<u>(10,092,869)</u>
Change in net position	43,019,912
Net position (deficit) - beginning of year	<u>(48,874,808)</u>
Net position (deficit) - end of year	<u><u>\$ (5,854,896)</u></u>

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

Balance Sheet - Governmental Funds

June 30, 2016

	General Fund	Capital Projects Fund	Sales Tax Debt Service Fund	Capital Lease Debt Service Fund	Jail Expansion Special Revenue Fund	Energy Program Special Revenue Fund	Jail Expansion Special Revenue Fund #2	Juvenile Justice Special Revenue Fund	Total Governmental Fund
Assets									
Cash and cash equivalents	\$ 433,510	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 433,510
Restricted assets									
Restricted cash, cash equivalents and investments	-	327,558	80,936,212	767,987	3,881,814	-	1,978,829	45,980,090	133,872,490
Interest receivable	82	63	94,652	5,327	32	7,374	676	352	108,558
Due from Tulsa County	200,000	-	8,173,692	-	313,909	989,459	40,284	558,535	10,275,879
Interfund receivable	-	1,588,770	-	-	-	-	-	-	1,588,770
Capital leases receivable	-	-	-	14,423,955	-	-	-	-	14,423,955
Total Assets	<u>\$ 633,592</u>	<u>\$ 1,916,391</u>	<u>\$ 89,204,556</u>	<u>\$ 15,197,269</u>	<u>\$ 4,195,755</u>	<u>\$ 996,833</u>	<u>\$ 2,019,789</u>	<u>\$ 46,538,977</u>	<u>\$ 160,703,162</u>
Liabilities, Deferred Inflows, and Fund Balance									
Liabilities									
Accounts payable from restricted assets	\$ -	\$ 1,885,859	\$ -	\$ -	\$ -	\$ -	\$ 1,738,457	\$ 41,004	\$ 3,665,320
Interfund payable	-	-	1,588,770	-	-	-	-	-	1,588,770
Interest payable from restricted assets	-	-	-	226,214	80,725	-	22,857	175,004	504,800
Total Liabilities	<u>-</u>	<u>1,885,859</u>	<u>1,588,770</u>	<u>226,214</u>	<u>80,725</u>	<u>-</u>	<u>1,761,314</u>	<u>216,008</u>	<u>5,758,890</u>
Deferred Inflows									
Unavailable revenue	-	-	86,638	14,423,955	-	996,833	-	-	15,507,426
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>86,638</u>	<u>14,423,955</u>	<u>-</u>	<u>996,833</u>	<u>-</u>	<u>-</u>	<u>15,507,426</u>
Fund Balance									
Restricted	-	30,532	87,529,148	547,100	4,115,030	-	258,475	46,322,969	138,803,254
Committed	633,592	-	-	-	-	-	-	-	633,592
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>633,592</u>	<u>30,532</u>	<u>87,529,148</u>	<u>547,100</u>	<u>4,115,030</u>	<u>-</u>	<u>258,475</u>	<u>46,322,969</u>	<u>139,436,846</u>
Total Liabilities, Deferred Inflows, and Fund Balance	<u>\$ 633,592</u>	<u>\$ 1,916,391</u>	<u>\$ 89,204,556</u>	<u>\$ 15,197,269</u>	<u>\$ 4,195,755</u>	<u>\$ 996,833</u>	<u>\$ 2,019,789</u>	<u>\$ 46,538,977</u>	<u>\$ 160,703,162</u>

Continued on next page

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

Tulsa County Industrial Authority

Balance Sheet - Governmental Funds - Continued

June 30, 2016

Reconciliation to Statement of Net Position

Total fund balance - total governmental fund \$ 139,436,846

Amounts reported for governmental activities in the statement of net position are different because:

Proceeds from the 2003 series revenue bonds are not financial resources and, therefore, are not reported in the funds. Principal payments of \$36,415,000 are not financial uses, but a reduction of the liability. Revenue bonds represent long-term liabilities.	(22,000,000)
Proceeds from the 2005 series revenue bonds are not financial resources and, therefore, are not reported in the funds. Principal payments of \$6,275,000 are not financial uses, but a reduction of the liability. Revenue bonds represent long-term liabilities.	(22,390,000)
Proceeds from the 2006 series revenue bonds are not financial resources and, therefore, are not reported in the funds. Principal payments of \$3,100,000 are not financial uses, but a reduction of the liability. Revenue bonds represent long-term liabilities.	(3,325,000)
Proceeds from the 2010 series revenue bonds are not financial resources and, therefore, are not reported in the funds. Principal payments of \$630,000 are not financial uses, but a reduction of the liability. Revenue bonds represent long-term liabilities.	(13,900,000)
Proceeds from the 2013 series revenue bonds are not financial resources and, therefore, are not reported in the funds. Principal payments of \$160,000 are not financial uses, but a reduction of the liability. Revenue bonds represent long-term liabilities.	(1,190,000)
Proceeds from the 2014 series revenue bonds are not financial resources and, therefore, are not reported in the funds. Principal payments of \$510,000 are not financial uses, but a reduction of the liability. Revenue bonds represent long-term liabilities.	(9,085,000)
Proceeds from the 2015 series revenue bonds are not financial resources and, therefore, are not reported in the funds. There were no principal payments. Revenue bonds represent long-term liabilities.	(3,100,000)
Proceeds from the 2016 series revenue bonds are not financial resources and, therefore, are not reported in the funds. There were no principal payments. Revenue bonds represent long-term liabilities.	(38,020,000)
Proceeds from the 2015 ARRA loan are not financial resources and, therefore, are not reported in the funds. Principal payments of \$65,541 are not financial uses, but a reduction of the liability. Loans represent long-term liabilities.	(989,460)
Unamortized bond premium is not reported in the funds. This premium is amortized to interest expense as bonds are paid.	(1,312,575)
Accrued interest due within one year but not payable from current financial resources, is not reported in governmental fund statements.	(225,676)
Unamortized deferred charge on refunding is not a current financial resource, and is therefore, not reported in the funds. The deferred charge is amortized to interest expense as the bonds are paid.	370,264
Unamortized deferred gain on refunding is not a current financial obligation and is, therefore not reported in the funds. The deferred gain is amortized to interest expense as bonds are paid.	(75,529)
Long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the funds: deferred interest receivable of \$94,011; long-term loan to Tulsa County of \$989,459 and capital lease receivable of \$14,423,954.	15,507,424
Land costs capitalized upon completion of specified projects. These costs are expenses in governmental funds, but capitalized in the entity-wide statements.	<u>2,360,964</u>
Net position (deficit) of governmental activities.	<u>\$ 42,062,258</u>

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

Tulsa County Industrial Authority

Balance Sheet - Governmental Funds

June 30, 2015

	General Fund	Capital Projects Fund	Sales Tax Debt Service Fund	Capital Lease Debt Service Fund	Jail Expansion Special Revenue Fund	Energy Program Special Revenue Fund	Total Governmental Fund
Assets							
Cash and cash equivalents	\$ 390,754	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 390,754
Restricted assets							
Restricted cash, cash equivalents and investments	-	390,628	79,013,243	737,025	10,994,460	-	91,135,356
Interest receivable	225	3	87,151	5,913	3	7,207	100,502
Due from Tulsa County	500,000	-	8,192,580	42,809	355,012	706,450	9,796,851
Interfund receivable	-	1,951,241	-	-	-	-	1,951,241
Capital leases receivable	-	-	-	15,148,462	-	-	15,148,462
Total Assets	\$ 890,979	\$ 2,341,872	\$ 87,292,974	\$ 15,934,209	\$ 11,349,475	\$ 713,657	\$ 118,523,166
Liabilities, Deferred Inflows, and Fund Balance							
Liabilities							
Accounts payable from restricted assets	\$ -	\$ 2,058,475	\$ -	\$ -	\$ 487,472	\$ 303,616	\$ 2,849,563
Interfund payable	-	-	1,951,241	-	-	-	1,951,241
Interest payable from restricted assets	-	-	-	233,194	84,952	-	318,146
Total Liabilities	-	2,058,475	1,951,241	233,194	572,424	303,616	5,118,950
Deferred Inflows							
Unavailable revenue	-	-	86,638	15,148,462	-	713,658	15,948,758
Total Deferred Inflows	-	-	86,638	15,148,462	-	713,658	15,948,758
Fund Balance							
Restricted	-	283,397	85,255,095	552,553	10,777,051	-	96,868,096
Committed	890,979	-	-	-	-	-	890,979
Unassigned	-	-	-	-	-	(303,617)	(303,617)
Total Fund Balances	890,979	283,397	85,255,095	552,553	10,777,051	(303,617)	97,455,458
Total Liabilities, Deferred Inflows, and Fund Balance	\$ 890,979	\$ 2,341,872	\$ 87,292,974	\$ 15,934,209	\$ 11,349,475	\$ 713,657	\$ 118,523,166

Continued on next page

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

Tulsa County Industrial Authority

Balance Sheet - Governmental Funds - Continued

June 30, 2015

Reconciliation to Statement of Net Position

Total fund balance - total governmental fund	\$ 97,455,458
Amounts reported for governmental activities in the statement of net position are different because:	
Proceeds from the 2003 series revenue bonds are not financial resources and, therefore, are not reported in the funds. Principal payments of \$35,020,000 are not financial uses, but a reduction of the liability. Revenue bonds represent long-term liabilities.	(58,415,000)
Proceeds from the 2005 series revenue bonds are not financial resources and, therefore, are not reported in the funds. Principal payments of \$6,100,000 are not financial uses, but a reduction of the liability. Revenue bonds represent long-term liabilities.	(28,665,000)
Proceeds from the 2006 series revenue bonds are not financial resources and, therefore, are not reported in the funds. Principal payments of \$7,860,000 are not financial uses, but a reduction of the liability. Revenue bonds represent long-term liabilities.	(6,425,000)
Proceeds from the 2010 series revenue bonds are not financial resources and, therefore, are not reported in the funds. Principal payments of \$625,000 are not financial uses, but a reduction of the liability. Revenue bonds represent long-term liabilities.	(14,530,000)
Proceeds from the 2013 series revenue bonds are not financial resources and, therefore, are not reported in the funds. Principal payments of \$155,000 are not financial uses, but a reduction of the liability. Revenue bonds represent long-term liabilities.	(1,350,000)
Proceeds from the 2015 series revenue bonds are not financial resources and, therefore, are not reported in the funds. There were no principal payments. Revenue bonds represent long-term liabilities.	(9,595,000)
Proceeds from the 2015 ARRA loan are not financial resources and, therefore, are not reported in the funds. There were no principal payments. Revenue bonds represent long-term liabilities.	(402,834)
Unamortized bond premium is not reported in the funds. This premium is amortized to interest expense as bonds are paid.	(2,092,116)
Accrued interest due within one year but not payable from current financial resources, is not reported in governmental fund statements.	(478,678)
Unamortized deferred charge on refunding is not a current financial resource, and is therefore, not reported in the funds. The deferred charge is amortized to interest expense as the bonds are paid.	415,602
Unamortized deferred gain on refunding is not a current financial obligation and is, therefore not reported in the funds. The deferred gain is amortized to interest expense as bonds are paid.	(82,050)
Long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the funds: deferred interest receivable of \$93,845; long-term loan to Tulsa County of \$706,451 and capital lease receivable of \$15,148,462.	15,948,758
Land costs capitalized upon completion of specified projects. These costs are expenses in governmental funds, but capitalized in the entity-wide statements.	<u>2,360,964</u>
Net position (deficit) of governmental activities.	<u>\$ (5,854,896)</u>

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

Tulsa County Industrial Authority

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds

June 30, 2016

	General Fund	Capital Projects Fund	Sales Tax Debt Service Fund	Capital Lease Debt Service Fund	Jail Expansion Special Revenue Fund	Energy Program Special Revenue Fund	Jail Expansion Special Revenue Fund #2	Juvenile Justice Special Revenue Fund	Total Governmental Fund
Revenue									
Charges for services	\$ 115,222	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,222
Lease income - principal	-	-	-	742,837	-	-	-	-	742,837
Lease income - interest	-	-	-	638,216	-	-	-	-	638,216
Contract loan income - principal	-	-	-	-	-	65,541	-	-	65,541
Contract loan income - interest	-	-	-	-	-	9,671	-	-	9,671
Investment income	492	369	765,845	581	596	-	3,390	875	772,148
Total Revenue	115,714	369	765,845	1,381,634	596	75,212	3,390	875	2,343,635
Expenditures									
General government	73,101	1,227,103	980,889	-	5,000	-	92,855	678,671	3,057,619
Expenditures for Vision 2025 projects	-	11,644,233	-	-	-	-	-	-	11,644,233
Expenditures for jail expansion	-	-	-	-	8,471,991	-	2,941,283	-	11,413,274
Expenditures for HVAC improvements	-	-	-	-	-	-	-	-	-
Expenditures for juvenile detention center	-	-	-	-	-	-	-	41,005	41,005
Debt service - principal	-	-	45,790,000	790,000	510,000	65,541	-	-	47,155,541
Debt service - interest	-	-	3,771,775	578,757	245,646	9,671	44,115	175,004	4,824,968
Total Expenditures	73,101	12,871,336	50,542,664	1,368,757	9,232,637	75,212	3,078,253	894,680	78,136,640
Excess (deficiency) of revenues over expenditures	42,613	(12,870,967)	(49,776,819)	12,877	(9,232,041)	-	(3,074,863)	(893,805)	(75,793,005)
Other financing sources (uses):									
Transfers from beneficiary	-	-	64,668,974	-	2,570,020	-	232,302	8,549,810	76,021,106
Transfers to beneficiary	(300,000)	-	-	-	-	-	-	-	(300,000)
Capital lease proceeds drawn	-	-	-	(18,330)	-	-	-	-	(18,330)
Contract loan proceeds drawn	-	-	-	-	-	(348,549)	-	-	(348,549)
Bond premium	-	-	-	-	-	-	1,036	646,964	648,000
Debt proceeds	-	-	-	-	-	652,166	3,100,000	38,020,000	41,772,166
Operating transfers in	-	13,541,179	923,077	-	-	-	-	-	14,464,256
Operating transfers out	-	(923,077)	(13,541,179)	-	-	-	-	-	(14,464,256)
Net Other Financing Sources (Uses)	(300,000)	12,618,102	52,050,872	(18,330)	2,570,020	303,617	3,333,338	47,216,774	117,774,393
Excess (deficiency) of revenues over (under) expenditures - other financing sources (uses):	(257,387)	(252,865)	2,274,053	(5,453)	(6,662,021)	303,617	258,475	46,322,969	41,981,388
Fund balance at June 30, 2015	890,979	283,397	85,255,095	552,553	10,777,051	(303,617)	-	-	97,455,458
Fund balance at June 30, 2016	\$ 633,592	\$ 30,532	\$ 87,529,148	\$ 547,100	\$ 4,115,030	\$ -	\$ 258,475	\$ 46,322,969	\$ 139,436,846

Continued on next page

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

Tulsa County Industrial Authority

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds

June 30, 2016

Reconciliation to Statement of Activities

Net change in fund balances - total governmental funds	\$ 41,981,388
Amounts reported as governmental activities in the statement of activities are different because:	
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	47,155,541
Amortization of bond premium over the term of the related debt	1,427,538
Amortization of deferred charge on refunding	(45,338)
Amortization of deferred gain on refunding	6,521
Change in accrued interest payable not recorded on governmental funds	253,001
Capital lease proceeds drawn	18,330
Contract loan receivable proceeds drawn	348,549
Debt proceeds received	(41,120,000)
Bond premium	(648,000)
ARRA loan proceeds drawn	(652,166)
Change in ARRA interest receivable	168
Capital lease and contract loan receivable principal payments received recorded as revenue in governmental funds, but reduces long-term receivable on statement of net position	<u>(808,378)</u>
Change in net position of governmental activities	<u>\$ 47,917,154</u>

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

Tulsa County Industrial Authority

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds

June 30, 2015

Revenue	General Fund	Capital Projects Fund	Sales Tax Debt Service Fund	Capital Lease Debt Service Fund	Jail Expansion Special Revenue Fund	Energy Program Special Revenue Fund	Total Governmental Fund
Charges for services	\$ 55,466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,466
Lease income - principal	-	-	-	716,559	-	-	716,559
Lease income - interest	-	-	-	664,648	-	-	664,648
Investment income	72	38	696,201	84	101	-	696,496
Total Revenue	<u>55,538</u>	<u>38</u>	<u>696,201</u>	<u>1,381,291</u>	<u>101</u>	<u>-</u>	<u>2,133,169</u>
Expenditures							
General government	118,097	1,043,702	1,026,002	-	291,201	-	2,479,002
Expenditures for Vision 2025 projects	-	6,425,061	-	-	-	-	6,425,061
Expenditures for jail expansion	-	-	-	-	946,285	-	946,285
Expenditures for HVAC improvements	-	-	-	-	-	-	-
Debt service - principal	-	-	48,980,000	780,000	-	-	49,760,000
Debt service - interest	-	-	6,070,275	597,242	245,106	-	6,912,623
Total Expenditures	<u>118,097</u>	<u>7,468,763</u>	<u>56,076,277</u>	<u>1,377,242</u>	<u>1,482,592</u>	<u>-</u>	<u>66,522,971</u>
Excess (deficiency) of revenues over expenditures	(62,559)	(7,468,725)	(55,380,076)	4,049	(1,482,491)	-	(64,389,802)
Other financing sources (uses):							
Transfers from beneficiary	-	-	64,130,733	-	2,663,590	-	66,794,323
Transfers to beneficiary	-	(3,820,682)	(6,272,187)	-	-	-	(10,092,869)
Capital lease proceeds drawn	-	-	-	(274,166)	-	-	(274,166)
Contract loan proceeds drawn	-	-	-	-	-	(706,451)	(706,451)
Bond premium	-	-	-	-	952	-	952
Debt proceeds	-	-	-	-	9,595,000	402,834	9,997,834
Operating transfers in	-	9,213,758	923,114	-	-	-	10,136,872
Operating transfers out	-	(923,114)	(9,213,758)	-	-	-	(10,136,872)
Net Other Financing Sources (Uses)	<u>-</u>	<u>4,469,962</u>	<u>49,567,902</u>	<u>(274,166)</u>	<u>12,259,542</u>	<u>(303,617)</u>	<u>65,719,623</u>
Excess (deficiency) of revenues over (under) expenditures - other financing sources (uses):	<u>(62,559)</u>	<u>(2,998,763)</u>	<u>(5,812,174)</u>	<u>(270,117)</u>	<u>10,777,051</u>	<u>(303,617)</u>	<u>1,329,821</u>
Fund balance at June 30, 2014	<u>953,538</u>	<u>3,282,160</u>	<u>91,067,269</u>	<u>822,670</u>	<u>-</u>	<u>-</u>	<u>96,125,637</u>
Fund balance at June 30, 2015	<u>\$ 890,979</u>	<u>\$ 283,397</u>	<u>\$ 85,255,095</u>	<u>\$ 552,553</u>	<u>\$ 10,777,051</u>	<u>\$ (303,617)</u>	<u>\$ 97,455,458</u>

Continued on next page

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

Tulsa County Industrial Authority

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds

June 30, 2015

Reconciliation to Statement of Activities

Net change in fund balances - total governmental funds	\$ 1,329,821
Amounts reported as governmental activities in the statement of activities are different because:	
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	49,760,000
Amortization of bond premium over the term of the related debt	1,415,920
Amortization of deferred charge on refunding	(45,338)
Amortization of deferred gain on refunding	6,521
Change in accrued interest payable not recorded on governmental funds	280,106
Change in interest earnings not recorded on governmental funds	(549)
Capital lease proceeds drawn	274,166
Debt proceeds received	(9,997,834)
ARRA project agreement receivable proceeds drawn	706,450
Interest on ARRA receivable	7,207
Capital lease principal payments received recorded as revenue in governmental funds, but reduces long-term receivable on statement of net position	<u>(716,558)</u>
Change in net position of governmental activities	<u>\$ 43,019,912</u>

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

Notes to Financial Statements

June 30, 2016 and 2015

Note A – Financial Reporting Entity

The Tulsa County Industrial Authority (the Authority), a component unit of Tulsa County (the County), is a public trust created under the provisions of Title 60, Oklahoma Statutes 1991, Sections 176 to 180, as amended and supplemented to the Oklahoma Trust Act, and other applicable statutes of the State of Oklahoma. The Authority was created on March 1, 1965, and its Beneficiary is the County of Tulsa, Oklahoma. The purpose of the Authority is to:

- Establish, provide, maintain, construct, set apart, promote and conduct parks, playgrounds, golf courses, recreational centers, social and community centers, and other recreational facilities within and near the territorial limits of the Beneficiary;
- Furnish and supply to the United States of America, the State of Oklahoma, the Beneficiary and/or any governmental agency or instrumentality or any of them, or to any one or more of them, buildings, equipment and other facilities for all purposes that the same be authorized or proper as a function of the Beneficiary as or if expressly authorized by law for the furtherance of the general convenience, welfare, public health and safety of the Beneficiary and its inhabitants;
- Promote the development of industry and culture and industrial, manufacturing, cultural and educational activities within and without the territorial limits of the Beneficiary and to thereby provide industrial and cultural facilities and additional employment and activities which will benefit and strengthen culture and the economy of the Beneficiary and the State of Oklahoma;
- Institute, furnish, provide and supply services and facilities for the conservation and implementation of the public welfare and protection and promotion of the public health to the Beneficiary and to agencies, instrumentalities and subdivisions thereof and to the inhabitants, owners and occupants of property, and to governmental, industrial, commercial and mercantile entities, establishments and enterprises within the territorial limits of the Beneficiary, to such extent and in such manner as now is or hereafter shall be a proper function of the Beneficiary as or if expressly authorized by law for the furtherance of the general convenience, welfare, public health and safety of the Beneficiary and its inhabitants;
- Promote the development of recreational and cultural activities within and near the territorial limits of the Beneficiary and to thereby provide recreational and cultural facilities and additional employment and activities that will benefit and strengthen culture and the economy of the Beneficiary;
- Provide solid waste disposal facilities for the collection and disposal of solid wastes and pollution control facilities in a manner which will protect the public health and welfare, prevent water pollution or air pollution, prevent the spread of disease, and abate public nuisances, conserve natural resources and enhance the quality of the environment;
- Provide and/or to aid in providing and/or to participate in providing to the United States of America, the State of Oklahoma, the Beneficiary, the municipalities located within and near the Beneficiary, the school district and/or districts included in whole or in part, within the limits of the Beneficiary, and/or any agency or instrumentality or either or any of them, or to any one or more of them, facilities and/or services of any and/or all kinds necessary or convenient for the functioning thereof;

Notes to Financial Statements

June 30, 2016 and 2015

Note A – Financial Reporting Entity – Continued

- Hold, maintain and administer any leasehold rights in and to properties of the Beneficiary demised to the Trustees, and to comply with the terms and conditions of any leases providing said rights.
- Acquire by lease, purchase or otherwise, and to hold, construct, install, equip, repair, enlarge, furnish, maintain and operate or otherwise deal with, any and all physical properties and facilities needful or convenient for utilization in executing or promoting the execution of the aforesaid trust purposes or any of them, or which may be useful in securing, developing, and maintaining industry and industrial, manufacturing or other activities in the Beneficiary and territory in proximity thereto, or which may be useful in promoting culture and education in the aforesaid area; to lease, rent, furnish, provide, relinquish, sell or otherwise dispose of, or otherwise make provision for, any or all of said properties and facilities either in execution of any of the aforesaid trust purposes or in the event that any thereof shall no longer be needful for such purposes;
- Provide funds for the costs of financing, acquiring, constructing, installing, equipping, repairing, remodeling, improving, extending, enlarging, any of the aforesaid physical properties and facilities, and of administering the Trust for any or all of the aforesaid trust purposes, and for all other charges, costs and expenses incidental thereto; and in so doing to incur indebtedness, either unsecured or secured, by any part or parts of the Trust Estate and/or revenues thereof;
- Expend all funds coming into the hands of aforesaid costs and expenses, and in the payment of any indebtedness incurred by the Trustees for the purposes specified herein, and in the payment of any other debt or obligation properly chargeable against the Trust Estate, and to distribute the residue and remainder of such funds to the Beneficiary for the payment of all or any part of the principal and/or interest of any bonded indebtedness of the Beneficiary and/or for any one or more authorized or proper purposes of the Beneficiary as shall be specified by the Trustees hereunder.

Note B – Summary of Significant Accounting Policies

1. *Government-Wide Statements* – The government-wide financial statements include the statements of net position and the statements of activities. These statements report financial information for the Authority, and is reported in conformity with generally accepted accounting principles. The Authority does not have any component units.

The statements of net position report all financial and capital resources of the Authority. These assets and liabilities are presented in order of their relative liquidity. An asset's liquidity is determined by how readily it converts to cash and whether restrictions limit the Authority's ability to use the resources. A liability's liquidity is based on its maturity, or when cash is used to liquidate it. The difference between the Authority's assets and deferred outflows and its liabilities and deferred inflows, is its net position. Net position is displayed in three components – net investment in capital assets, restricted, and unrestricted.

Notes to Financial Statements

June 30, 2016 and 2015

Note B – Summary of Significant Accounting Policies – Continued

The statements of activities report the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the Authority's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions of these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

2. *Measurement Focus, Basis of Accounting and Financial Statement Presentation* – The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP). The Authority's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. *Measurable* defines the amount of the transaction and *available* means collectible within the current period or soon enough thereafter to pay current liabilities. The Authority considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Investment income and charges for services are the revenue sources susceptible to accrual. Other financing sources include sales tax collections transferred from the recipient fund, operating transfers within the Authority, capital contributions and collection of proceeds from the issuance of revenue bonds.

3. *Budget Presentation* – The Authority is not required to legally adopt a budget because the revenues are not appropriated from the budget board. Therefore, presentation of budget reports and comparisons with actual revenues and expenditures is not appropriate.
4. *Fund Financial Statements* – Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditure/expenses. All funds of the Authority are classified as governmental funds.

The funds of the financial reporting entity are described below:

Notes to Financial Statements

June 30, 2016 and 2015

Note B – Summary of Significant Accounting Policies – Continued

General Fund – The General Fund is used to account for fees assessed in financing third party conduit debt and maintaining bank accounts not associated with Vision 2025, jail expansion, INCOG loan, or juvenile justice projects.

Capital Projects Fund – The Capital Projects Fund is used to account for investment earnings and sales taxes restricted for Vision 2025 projects.

Sales Tax Debt Service Fund – The Sales Tax Debt Service Fund accounts for the accumulation of restricted sales taxes and other financial resources for the payment of interest and principal on the revenue bonds issued for Vision 2025 projects.

Capital Lease Debt Service Fund – The Capital Lease Debt Service Fund accounts for the issuance of revenue bonds for Tulsa County parks project, Tulsa County sheriff project, and Tulsa City-County Health Department project. The Authority has capital lease agreements with each of these entities which funds the repayment of the revenue bonds.

Jail Expansion Special Revenue Fund – The Jail Expansion Special Revenue Fund is used to account for revenue bond proceeds used for the expansion of the County Jail, and .026% sales taxes restricted to repay those bonds.

Energy Program Special Revenue Fund – The Energy Program Special Revenue Fund is used to account for loan proceeds used to improve the Tulsa County Courthouse and contract receivable revenues used to repay the loan.

Jail Expansion Special Revenue Fund #2 – The Jail Expansion Special Revenue Fund #2 is used to account for revenue bond proceeds used for a second expansion of the County Jail and .026% sales taxes restricted to repay those bonds.

Juvenile Justice Special Revenue Fund – The Juvenile Justice Special Revenue Fund is used to account for revenue bond proceeds used to construct a Juvenile Justice Courts and Detention Center and .041% sales tax restricted to repay those bonds.

Nonspendable Fund Balance - The nonspendable fund balance classification includes amounts that cannot be spent because they are either: (a) not in spendable form, or (b) legally or contractually required to be maintained intact. Examples of items that may be included in this category of fund balance are inventories, prepaid amounts, long-term amounts of loans and notes receivable, and property acquired for resale. The Authority currently does not have any nonspendable fund balance.

Restricted Fund Balance - Fund balance should be reported as restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. External parties can compel a government to use resources only for purposes specified by the corresponding legislation.

Notes to Financial Statements

June 30, 2016 and 2015

Note B – Summary of Significant Accounting Policies – Continued

Committed Fund Balance - Committed fund balance are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. These committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to commit these amounts.

The General Fund of the Authority has been classified as a committed fund balance because of actions taken to constrain resources. The Board of County Commissioners adopted a formal resolution that placed constraints on the usage of these resources for only specified and intended purposes. The Board of County Commissioners at its own discretion by resolution can later remove this constraint or place this level of constraint on other existing funds or any new funds that are created. The General Fund of the Authority is a fund used to collect issuer fees, rents, and parking fees for the operation of the Authority including the Union Depot building. The Board of County Commissioners committed the resources of the Authority's General Fund by resolution to be used for the operation of the Authority including the Union Depot building.

Assigned Fund Balance - Assigned fund balance are amounts constrained because a government intends to use the resources for a specific purpose. The intent is expressed by: (a) the governing body itself, or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated their authority to assign amounts to be used for specific purposes. Only the Authority's Board of Trustees may assign amounts for specific purposes. The Authority currently does not have any assigned fund balance.

Unassigned Fund Balance - Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. The Authority currently reports a negative unassigned fund balance in fiscal year 2014.

5. *Cash and Cash Equivalents* – Cash and cash equivalents represent deposits with financial institutions and highly liquid investments with maturity of three months or less.
6. *Restricted Assets/Commitments* – In accordance with Oklahoma Statutes, 68 O.S. 1994 Supplement §1370.2A, the voters of Tulsa County passed two temporary sales taxes.

The purpose of the first sales tax relating to Vision 2025 was for:

- Capital improvements for American Airlines which will promote economic development and provide additional jobs and payroll within Tulsa County;
- Education, health care and events facilities which will promote economic development and provide additional jobs and payroll within Tulsa County; and

Notes to Financial Statements

June 30, 2016 and 2015

Note B – Summary of Significant Accounting Policies – Continued

- Capital improvements for community enrichment within Tulsa County.

Funds to pay obligations on the revenue bonds will come from the sales tax that was approved by voters in September 2003. The Authority began receiving the sales taxes in March 2004 and has begun expending the funds for the projects (see Note F). Total project costs are estimated to be in excess of \$500 million.

The purpose of the second sales tax relates to acquiring, constructing, finishing, equipping, operating, maintaining, remodeling, and repairing an expansion of the county jail and juvenile justice court and detention center, including debt service on bonds issued for any of these purposes. The Authority receives this sales tax approved by the voters beginning July 1, 2014 and ending July 1, 2029. Bonds were issued for the county jail expansion in 2014 for \$9,595,000. Additional bonds were issued for the jail expansion during the year totaling \$3,100,000 and for the juvenile justice court and detention center totaling \$38,020,000.

Restricted assets at June 30, 2016 and 2015 consist of money market funds that invest in U.S. government obligations and Guaranteed Investment Contracts. These funds are held for the improvements relating to Vision 2025 projects, jail expansion projects, juvenile justice court and detention center, and debt service.

7. *Bond Premiums* - Premiums of approximately \$10,116,000, \$13,716,000, and \$2,538,000 were received when the 2003, 2005, and 2006 series revenue bonds, respectively, were sold. Premiums of approximately \$7,303,000 were received when the 2003A/2005A series revenue bonds were sold related to the August 17, 2009 supplemental bond indenture to change the bonds variable rates to fixed rates. Premiums of approximately \$1,000 and \$647,000 were received when the 2015 series and 2016 series were sold. Those premiums are amortized over the term of the bonds approximately, 8 years for the 2003 revenue bonds, 8 and 12 years for the 2005 revenue bonds, and 6, 5, and 11 years for the 2006 revenue bonds and 15 years for the 2015 and 2016 series bonds, on the entity-wide statements. The 2003A/2005A premium is amortized over the remaining term of the bonds approximately 7 years. Approximately \$1,400,000 was amortized in 2016 and 2015 and that has been recorded as an offset to interest expense.

Accumulated amortization at June 30, 2016 and 2015 was \$33,468,900 and \$32,051,193, respectively.

8. *Income Tax* – The Authority is exempt from federal and state income taxes.
9. *Use of Estimates* – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.
10. *Reclassification* – Certain prior year amounts have been reclassified to conform to current classifications.

Notes to Financial Statements

June 30, 2016 and 2015

Note B – Summary of Significant Accounting Policies – Continued

11. *Subsequent Events* – In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through October 7, 2016, the date the financial statements were available to be issued.

Note C – Deposits and Investments

1. *Deposits* – On June 30, 2016 and 2015, the cash balance includes demand accounts in the Authority’s name of \$37,170 and \$36,054, respectively, and is maintained by two financial institutions.

Custodial credit risk for deposits is the risk that in the event of bank failure, the Authority’s deposits may not be returned or the Authority will not be able to recover collateral securities in the possession of an outside party. The Authority requires deposits to be 110 percent secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation (FDIC) insurance.

2. *Investments* – Investments of the Authority’s funds are governed by Title 19 OSA 953.1A, as amended, of the Oklahoma Statutes. The Oklahoma Statutes places no limitations or restrictions on the choice of investment vehicles other than those a prudent investor would select. All investments are carried in street name (in the name of the agent, etc.).

The Authority implemented GASB Statement No. 72, *Fair Value Measurement and Application*, during the fiscal year ended June 30, 2016. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The level inputs for the Authority’s investments are all Level 1 inputs.

As of June 30, 2016, the composition of the Authority’s investments is shown in the following table:

	Fair Value	Cost	Average Credit Quality Rating (1)	Weighted Average # of Years to Maturity (2)
Guaranteed Investment Contracts	\$ 15,444,986	\$ 15,444,986	AAA	0.38
Cavanal Hill US Treasury - Admin	49,861,904	49,861,904	AAA	0.09
Invesco Prem US Government Fund	1,978,829	1,978,829	AAA	0.13
BOK Short-Term Cash Fund I	66,983,111	66,983,111	N/A	N/A
Cash	37,170	37,170	N/A	N/A
Total Investments	<u>\$ 134,306,000</u>	<u>\$ 134,306,000</u>		

Notes to Financial Statements

June 30, 2016 and 2015

Note C – Deposits and Investments – Continued

Statement of Net Position Presentation:

Cash and cash equivalents	\$ 433,510
Restricted cash, cash equivalents and investments	133,872,490
	<u>\$ 134,306,000</u>

- (1) Ratings are provided where applicable to indicate **Credit Risk**. N/A indicates not applicable.
- (2) **Interest Rate Risk** is estimated using weighted average years to maturity.
- (3) The BOK Short-Term Cash Fund does not have a weighted average to maturity. These are money market funds and are not rated, but are collateralized by U.S. Treasury and U.S. Agency securities.

As of June 30, 2016, the Authority had the following investments and maturities:

	Investment Maturities (in Years)				
	Value	Less than 1	1-5	6-10	More than 10
Guaranteed Investment Contracts	\$ 15,444,986	100%	0%	0%	0%
Cavanal Hill US Treasury - Admin	49,861,904	100%	0%	0%	0%
Invesco Prem US Government Fund	1,978,829	100%	0%	0%	0%
BOK Short-Term Cash Fund I	66,983,111	N/A	N/A	N/A	N/A
Cash	37,170	N/A	N/A	N/A	N/A
Total	<u>\$ 134,306,000</u>	<u>100%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>

As of June 30, 2015, the composition of the Authority's investments is shown in the following table:

	Fair Value	Cost	Average Credit Quality Rating (1)	Weighted Average # of Years to Maturity (2)
Guaranteed Investment Contracts	\$ 15,444,986	\$ 15,444,986	AAA	2.38
Cavanal Hill Cash Management Fund	23,609,167	23,609,167	AAA	0.13
Cavanal Hill US Treasury-Admin Fund	10,994,460	10,994,460	AAA	N/A
BOK Short-Term Cash Fund I	41,441,443	41,441,443	N/A	N/A
Cash	36,054	36,054	N/A	N/A
Total Investments	<u>\$ 91,526,110</u>	<u>\$ 91,526,110</u>		

Notes to Financial Statements

June 30, 2016 and 2015

Note C – Deposits and Investments – Continued

Statement of Net Position Presentation:

Cash and cash equivalents	\$ 390,754
Restricted cash, cash equivalents and investments	91,135,356
	<u>\$ 91,526,110</u>

- (1) Ratings are provided where applicable to indicate **Credit Risk**. N/A indicates not applicable.
- (2) **Interest Rate Risk** is estimated using weighted average years to maturity.
- (3) The BOK Short-Term Cash Fund does not have a weighted average to maturity. These are money market funds and are not rated, but are collateralized by U.S. Treasury and U.S. Agency securities.

As of June 30, 2015, the Authority had the following investments and maturities:

	Investment Maturities (in Years)				
	Value	Less than 1	1-5	6-10	More than 10
Guaranteed Investment Contracts	\$ 15,444,986	0%	100%	0%	0%
Cavanal Hill Cash Management Fund	23,609,167	100%	N/A	N/A	N/A
Cavanal Hill US Treasury-Admin Fund	10,994,460	N/A	N/A	N/A	N/A
BOK Short-Term Cash Fund I	41,441,443	N/A	N/A	N/A	N/A
Cash	36,054	N/A	N/A	N/A	N/A
Total	<u>\$ 91,526,110</u>	<u>100%</u>	<u>100%</u>	<u>0%</u>	<u>0%</u>

Investment Risk Disclosures

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the Authority's investing activities are approved by the Board of Directors of the Authority and managed under the custody of the County Treasurer. Investing is performed in accordance with investment policies adopted by the Board of Trustees and complies with the Investment Policy adopted by the Board of County Commissioners and with State Statutes.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. U.S. Government Treasury and Agency securities are excluded from these restrictions. Investments in Guaranteed Investment Contracts are also considered safe investments and not normally included in the calculation of concentration of credit risk.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Authority provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities.

Notes to Financial Statements

June 30, 2016 and 2015

Note D – Related Party Transactions

The Authority has issued debt obligations for the benefit of Tulsa County and the Tulsa City-County Health Department to construct facilities. The Authority received lease payments from these entities totaling approximately \$1,400,000 and \$1,400,000 for the years ended June 30, 2016 and 2015, respectively, which corresponded to the debt service payments due on the related debt. The Authority has recognized lease receivables from the benefiting party as follows:

	<u>2016</u>	<u>2015</u>
Tulsa City-County Health Department	\$ 9,620,907	\$ 9,835,539
Tulsa County	4,803,048	5,312,923
	<u>\$ 14,423,955</u>	<u>\$ 15,148,462</u>

During 2016 and 2015, capital outlay for designated projects for Tulsa County was approximately \$407,884 and \$970,248, respectively. Capital outlay for Tulsa County Criminal Justice Authority (a discretely presented component unit of Tulsa County) was \$11,413,274 and \$946,285 for 2016 and 2015, respectively.

The Authority loaned Tulsa County unrestricted funds of \$500,000 during fiscal year 2014 to help fund infrastructure improvements at 76th Street North and Sheridan Road. During fiscal year 2016 the trustees approved the transfer of \$300,000 to Tulsa County, by reducing the outstanding loan to the County to \$200,000 at June 30, 2016.

Note E – Capital Assets

Capital assets represent land costs incurred during fiscal year ending June 30, 2005.

Note F – Long-Term Debt

Long term debt consists of the following:

<u>Series</u>	<u>Principal</u>
2003 A&B	\$ 22,000,000
2005 A&B	15,890,000
2005 C	6,500,000
2006 B&C	3,325,000
2010	13,900,000
2013	1,190,000
2014	9,085,000
Energy Program Loan	989,459
2015	3,100,000
2016	38,020,000
	<u>113,999,459</u>
Less current	<u>50,136,196</u>
Long term	<u>\$ 63,863,263</u>

Notes to Financial Statements

June 30, 2016 and 2015

Note F – Long-Term Debt – Continued

During 2003, the Authority issued the \$242,150,000 Capital Improvements Revenue Bonds. Funds to pay the revenue bonds will come from the sales tax that was approved by voters in September 2003. The proceeds from the bond will be used to fund Phase I of the following projects:

- Capital improvements for American Airlines which will promote economic development for and provide additional jobs and payroll within the County;
- Education, health care and events facilities which will promote economic development for and provide additional jobs and payroll within the County; and
- Capital improvements for community enrichment within the County.

The beneficiary began collecting those taxes in January 2004 and will continue collection for the next thirteen years. Interest on the Series 2003 A bonds changed on August 17, 2009, based on a new supplemental bond indenture modifying the variable rate related to the Series 2003 A bonds to a fixed interest rate. Separate portions of the bond principal now retain specific fixed rates. These rates are between 3.25 percent and 5 percent. The Series 2003 B bonds are no longer outstanding - they reached maturity on May 15, 2011. The amounts outstanding at June 30, 2016 and 2015 were \$22,000,000 and \$58,415,000, respectively. Debt requirements for the years ended June 30 are as follows:

Year	Principal	Interest	Total
2017	\$ 22,000,000	\$ 720,000	\$ 22,720,000
	\$ 22,000,000	\$ 720,000	\$ 22,720,000

During 2005, the Authority issued the \$150,000,000 Capital Improvements Revenue Bonds. Funds to pay the revenue bonds will come from the sales tax that was approved by voters in September 2003. The proceeds from the bond will be used to fund Phase II of the following projects:

- Capital improvements for American Airlines which will promote economic development for and provide additional jobs and payroll within the County;
- Education, health care and events facilities which will promote economic development for and provide additional jobs and payroll within the County; and
- Capital improvements for community enrichment within the County.

Notes to Financial Statements

June 30, 2016 and 2015

Note F – Long-Term Debt – Continued

The beneficiary began collecting those taxes in January 2004 and will continue collection for the next thirteen years. Interest on the Series 2005 A bonds changed on August 17, 2009, based on a new supplemental bond indenture modifying the variable rate related to the Series 2005 A bonds to a fixed interest rate. Separate portions of the bond principal now retain specific fixed rates. These rates are between 3.25 percent and 4 percent. The Series 2005 B bonds are at rates of 5 percent and paid in semi-annual intervals along with the principal coupons beginning on May 15, 2006 and ending May 15, 2013. A principal payment of \$15,890,000 is due on May 17, 2017 for the Series 2005 A bonds. The amount outstanding at June 30, 2016 and 2015 was \$15,890,000. Debt requirements for the years ended June 30 are as follows:

Year	Principal	Interest	Total
2017	\$ 15,890,000	\$ 535,175	\$ 16,425,175
	\$ 15,890,000	\$ 535,175	\$ 16,425,175

During 2006, the Authority issued the \$60,000,000 Capital Improvements Revenue Bonds. Funds to pay the revenue bonds will come from the sales tax that was approved by voters in September 2003. The proceeds from the bond will be used to fund Phase III of the following projects:

- Capital improvements for American Airlines which will promote economic development for and provide additional jobs and payroll within the County;
- Education, health care and events facilities which will promote economic development for and provide additional jobs and payroll within the County; and
- Capital improvements for community enrichment within the County.

The beneficiary began collecting those taxes in January 2004 and will continue collection for the next thirteen years. Interest on the bonds for the Series 2005 C bonds will be 5 percent paid in semi-annual intervals, along with the principal coupons beginning on May 15, 2007 and ending May 15, 2017. The amount outstanding at June 30, 2016 and 2015 was approximately \$6,500,000 and \$12,775,000, respectively. Debt requirements for the years ended June 30 are as follows:

Year	Principal	Interest	Total
2017	\$ 6,500,000	\$ 325,000	\$ 6,825,000
	\$ 6,500,000	\$ 325,000	\$ 6,825,000

During 2007, the Authority issued the \$31,650,000 Capital Improvements Revenue Bonds. Funds to pay the revenue bonds will come from the sales tax that was approved by voters in September 2003. The proceeds from the bond will be used to fund the following projects:

Notes to Financial Statements

June 30, 2016 and 2015

Note F – Long-Term Debt – Continued

- Capital improvements for American Airlines which will promote economic development for and provide additional jobs and payroll within the County;
- Education, health care and events facilities which will promote economic development for and provide additional jobs and payroll within the County; and
- Capital improvements for community enrichment within the County.

The beneficiary began collecting those taxes in January 2004 and will continue collection for the next thirteen years. Interest on the Series 2006 B bonds will be 4.25 and 5 percent paid on semi-annual intervals beginning on November 15, 2006 and ending on May 15, 2017. Interest on the Series 2006 C bonds will be 3.94 and 3.99 percent paid on semi-annual intervals beginning November 15, 2006 and ending May 15, 2015. The amount outstanding at June 30, 2016 and 2015 was \$3,325,000 and \$6,425,000, respectively. Debt requirements for the years ended June 30 are as follows:

Year	Principal	Interest	Total
2017	\$ 3,325,000	\$ 166,250	\$ 3,491,250
	\$ 3,325,000	\$ 166,250	\$ 3,491,250

The Series 2010 consists of debt issued for the benefit of Tulsa City-County Health Department and Tulsa County. The debt is payable from lease payments from these entities. The Authority issued \$11,350,000 of Health Facilities Revenue Bonds in February 2010. Proceeds were used to acquire and construct a health facilities building and related improvements. These bonds mature in February 2040 and bear interest rates between 2.00% and 4.70%. The Authority issued \$5,830,000 of Capital Improvement Revenue Bonds in September 2010. Proceeds were used to refund prior bonds that were used for park and recreation facilities. These bonds mature in September 2024 and bear interest rates between 2.50% and 3.50%. The amount outstanding at June 30, 2016 and 2015 was \$13,900,000 and \$14,530,000, respectively. Debt requirements for the years ended June 30 are as follows:

Year	Principal	Interest	Total
2017	\$ 650,000	\$ 548,738	\$ 1,198,738
2018	665,000	531,595	1,196,595
2019	685,000	513,815	1,198,815
2020	705,000	493,980	1,198,980
2021	730,000	472,072	1,202,072
2022-2026	3,525,000	1,963,988	5,488,988
2027-2031	2,000,000	1,425,417	3,425,417
2032-2036	2,495,000	931,960	3,426,960
2037-2040	2,445,000	293,985	2,738,985
	\$ 13,900,000	\$ 7,175,550	\$ 21,075,550

Notes to Financial Statements

June 30, 2016 and 2015

Note F – Long-Term Debt – Continued

The Series 2013 consists of debt issued for Tulsa County and is payable from lease payments. The Authority issued \$1,660,000 of Capital Improvement Revenue Bonds in March 2013. Proceeds were used to acquire and equip a Sheriff's Office training facility. These bonds mature in March 2023 and bear interest rates between 1.35% and 2.25%. The amount outstanding at June 30, 2016 and 2015 was \$1,190,000 and 1,350,000, respectively. Debt requirements for the years ended June 30 are as follows:

Year	Principal	Interest	Total
2017	\$ 160,000	\$ 22,495	\$ 182,495
2018	165,000	19,295	184,295
2019	165,000	15,995	180,995
2020	170,000	13,768	183,768
2021	175,000	10,962	185,962
2022-2023	355,000	11,775	366,775
	\$ 1,190,000	\$ 94,290	\$ 1,284,290

The Series 2014 consists of debt issued for Tulsa County. The Authority issued \$9,595,000 of Capital Improvement Revenue Bonds in September 2014. Proceeds were used to construct an expansion of the county jail. The bonds will be repaid with a 0.026% sales tax, which was approved by voters in April 2014. The sales tax will be in effect from July 2014 through July 2029. The bonds mature in September 2029 and bear interest rates between 2.00% and 3.40%. The amount outstanding at June 30, 2016 and 2015 was \$9,085,000 and 9,595,000, respectively. Debt requirements for the years ended June 30 are as follows:

Year	Principal	Interest	Total
2017	\$ 555,000	\$ 236,560	\$ 791,560
2018	570,000	223,923	793,923
2019	580,000	212,423	792,423
2020	590,000	200,722	790,722
2021	605,000	188,772	793,772
2022-2026	3,235,000	715,324	3,950,324
2027-2030	2,950,000	199,232	3,149,232
	\$ 9,085,000	\$ 1,976,956	\$ 11,061,956

Notes to Financial Statements

June 30, 2016 and 2015

Note F – Long-Term Debt – Continued

The INCOG loan consists of debt issued for Tulsa County. The Authority entered into a loan agreement for \$1,055,000 with INCOG in October 2014. The loan proceeds will be used to update the HVAC system in the courthouse. The loan will have an interest rate of 1% and will mature in October 2029. The loan will be repaid in annual installments of \$76,091. The amount outstanding at June 30, 2016 and 2015 was \$989,459 and 402,834, respectively. Debt requirements for the years ended June 30 are as follows:

Year	Principal	Interest	Total
2017	\$ 66,196	\$ 9,895	\$ 76,091
2018	66,858	9,233	76,091
2019	67,527	8,564	76,091
2020	68,202	7,889	76,091
2021	68,884	7,207	76,091
2022-2026	354,890	25,562	380,452
2027-2030	296,902	7,459	304,361
	\$ 989,459	\$ 75,809	\$ 1,065,268

In May, 2016, the Authority executed an additional American Recovery and Reinvestment Act note with INCOG totaling \$241,200 for the purpose of purchasing and replacing certain equipment at O'Brien Park Recreation Center. The term of the note is 15 years with interest at 1%. The loan proceeds are draw as the funds are spent for the stated purpose. No funds were expended as of June 30, 2016.

The Series 2015 consists of debt issued for Tulsa County. The Authority issued \$3,100,000 of Capital Improvement Revenue Bonds in October 2015. Proceeds were used to construct an expansion of the county jail. The bonds will be repaid with a 0.026% sales tax, which was approved by voters in April 2014. The sales tax will be in effect from July 2014 through July 2029. The bonds mature in September 2029 and bear interest rates between 1.00% and 3.20%. The amount outstanding at June 30, 2016 was \$3,100,000. Debt requirements for the years ended June 30 are as follows:

Year	Principal	Interest	Total
2017	\$ 190,000	\$ 67,995	\$ 257,995
2018	200,000	66,045	266,045
2019	200,000	64,045	264,045
2020	205,000	60,995	265,995
2021	205,000	56,895	261,895
2022-2026	1,100,000	218,256	1,318,256
2027-2030	1,000,000	64,312	1,064,312
	\$ 3,100,000	\$ 598,543	\$ 3,698,543

Notes to Financial Statements

June 30, 2016 and 2015

Note F – Long-Term Debt – Continued

The Series 2016 consists of debt issued for Tulsa County. The Authority issued \$38,020,000 of Capital Improvement Revenue Bonds in April 2016. Proceeds will be used to construct, operate and maintain the Juvenile Justice Courts and Detention Center. The bonds will be repaid with a 0.041% sales tax, which was approved by voters in April 2014. The sales tax will be in effect from July 2014 through July 2029. The bonds mature in September 2029 and bear interest rates between 2.00% and 3.00%. The amount outstanding at June 30, 2016 was \$38,020,000. Debt requirements for the years ended June 30 are as follows:

Year	Principal	Interest	Total
2017	\$ 800,000	\$ 690,535	\$ 1,490,535
2018	2,615,000	766,444	3,381,444
2019	2,635,000	713,944	3,348,944
2020	2,660,000	660,994	3,320,994
2021	2,690,000	607,494	3,297,494
2022-2026	14,130,000	2,206,769	16,336,769
2027-2030	12,490,000	656,940	13,146,940
	<u>\$ 38,020,000</u>	<u>\$ 6,303,120</u>	<u>\$ 44,323,120</u>

The change in the revenue bonds as reflected in the statement of net position is as follows:

	Balance 7/1/2015	Additions	Deletions	Balance 6/30/2016	Due Within One Year
Capital Improvement Series 2003 A&B Revenue Bonds	\$ 58,415,000	\$ -	\$ 36,415,000	\$ 22,000,000	\$ 22,000,000
Capital Improvement Series 2005 A&B Revenue Bonds	15,890,000	-	-	15,890,000	15,890,000
Capital Improvement Series 2005 C Revenue Bonds	12,775,000	-	6,275,000	6,500,000	6,500,000
Capital Improvement Series 2006 B&C Revenue Bonds	6,425,000	-	3,100,000	3,325,000	3,325,000
Capital Improvement Series 2010 Revenue Bonds	14,530,000	-	630,000	13,900,000	650,000
Capital Improvement Series 2013 Revenue Bonds	1,350,000	-	160,000	1,190,000	160,000
Capital Improvement Series 2014 Revenue Bonds	9,595,000	-	510,000	9,085,000	555,000
Energy Program 2014 Loan	402,834	652,166	65,541	989,459	66,196
Capital Improvement Series 2015 Revenue Bonds	-	3,100,000	-	3,100,000	190,000
Capital Improvement Series 2016 Revenue Bonds	-	38,020,000	-	38,020,000	800,000
	<u>\$ 119,382,834</u>	<u>\$ 41,772,166</u>	<u>\$ 47,155,541</u>	<u>\$ 113,999,459</u>	<u>\$ 50,136,196</u>

Notes to Financial Statements

June 30, 2016 and 2015

Note F – Long-Term Debt – Continued

The change in the revenue bonds as reflected in the statement of net position is as follows:

	Balance 7/1/2014	Additions	Deletions	Balance 6/30/2015	Due Within One Year
Capital Improvement Series 2003 A&B Revenue Bonds	\$ 93,435,000	\$ -	\$ 35,020,000	\$ 58,415,000	\$ 36,415,000
Capital Improvement Series 2005 A&B Revenue Bonds	15,890,000	-	-	15,890,000	-
Capital Improvement Series 2005 C Revenue Bonds	18,875,000	-	6,100,000	12,775,000	6,275,000
Capital Improvement Series 2006 B&C Revenue Bonds	14,285,000	-	7,860,000	6,425,000	3,100,000
Capital Improvement Series 2010 Revenue Bonds	15,155,000	-	625,000	14,530,000	630,000
Capital Improvement Series 2013 Revenue Bonds	1,505,000	-	155,000	1,350,000	160,000
Capital Improvement Series 2014 Revenue Bonds	-	9,595,000	-	9,595,000	510,000
Energy Program 2014 Loan	-	402,834	-	402,834	65,541
	<u>\$ 159,145,000</u>	<u>\$ 9,997,834</u>	<u>\$ 49,760,000</u>	<u>\$ 119,382,834</u>	<u>\$ 47,155,541</u>

Note G – Conduit Debt Obligations

From time-to-time, the Authority has issued industrial revenue bonds and other debt instruments that provide financial assistance to private sector and other governmental entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds and notes are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Authority, the County, the State, nor any other political subdivision thereof is obligated in any manner for repayment of the bonds.

Accordingly, the bonds and notes are not reported as liabilities in the accompanying financial statements. Conduit debt in 2016 and 2015 amounted to \$691,299,078 and \$573,103,461, respectively. The amounts outstanding at June 30, 2016 are as follows:

Note payable of \$1,377,000 issued August 14, 2005 and maturing July 1, 2025.	\$ 1,271,880
Revenue bonds payable of \$7,047,000 issued May 26, 2006 and maturing October 1, 2037.	5,637,000
Revenue bonds payable of \$219,390,000 issued November 14, 2006 and maturing December 15, 2036.	<u>193,990,000</u>
Subtotal to next page	\$ 200,898,880

Notes to Financial Statements

June 30, 2016 and 2015

Note G – Conduit Debt Obligations – Continued

Subtotal from previous page	\$ 200,898,880
Revenue bonds payable of \$104,420,000 issued July 1, 2009 and maturing September 1, 2020.	54,455,000
Revenue bonds payable of \$7,070,000 issued September 1, 2009 and maturing September 1, 2019.	4,930,000
Revenue bonds payable of \$115,615,000 issued March 25, 2010 and maturing November 1, 2045.	93,535,000
Revenue bonds payable of \$25,030,000 issued June 9, 2010 and maturing September 1, 2024.	17,530,000
Revenue bonds payable of \$19,510,000 issued August 19, 2010 and maturing September 1, 2021.	13,975,000
Revenue bonds payable of \$1,725,000 issued September 29, 2010 and maturing September 1, 2017.	570,000
Revenue bonds payable of \$72,845,000 issued May 1, 2011 and maturing September 1, 2019.	45,930,000
Revenue bonds payable of \$67,300,000 issued June 1, 2012 and maturing September 1, 2022.	63,995,000
Revenue bonds payable of \$7,210,000 issued August 1, 2012 and maturing August 1, 2024.	5,940,000
Revenue bonds payable of \$5,075,000 issued March 1, 2014 and maturing March 1, 2044.	5,075,000
Revenue bonds payable of \$1,700,000 issued April 15, 2014 and maturing April 16, 2024.	1,383,129
Revenue bonds payable of \$5,467,000 issued November 1, 2013 and maturing November 1, 2023.	4,054,491
Revenue bonds payable of \$625,000 issued March 21, 2014 and maturing March 1, 2023.	565,000
Revenue bonds payable of \$10,640,000 issued March 1, 2015 and maturing August 1, 2023	10,317,578
Revenue bonds payable of \$5,000,000 issued March 1, 2015 and maturing March 5, 2020	5,000,000
Revenue bonds payable of \$83,725,000 issued September 1, 2015 and maturing September 1, 2026	83,725,000
Subtotal to next page	<u>\$ 611,879,078</u>

Notes to Financial Statements

June 30, 2016 and 2015

Note G – Conduit Debt Obligations – Continued

Subtotal from previous page	\$ 611,879,078
Revenue bonds payable of \$65,275,000 issued March 1, 2016 and maturing September 1, 2026	65,275,000
Revenue bonds payable of \$14,145,000 issued June 1, 2016 and maturing September 1, 2019	14,145,000
Total outstanding conduit debt	<u><u>\$ 691,299,078</u></u>

Note H – Commitments and Contingencies

Arbitrage and Use of Proceeds - The revenue bonds are subject to a continuing requirement that excess earnings from the investment of the bond proceeds be rebated periodically to the United States Federal Government. With respect to all of the proceeds of the 2003, 2005, and 2006 bonds, the Authority will comply with the provisions of the Rebate Memorandum.

Continued exemption for interest on the bonds from Federal income taxation depends, in part, upon compliance with the arbitrage limitations imposed by Section 148 of the Internal Revenue Code (the Code). In accordance with the Rebate Memorandum, a third party has prepared the rebate calculations as of November 15, 2014 and November 15, 2013 which has been utilized for calculating the liability of approximately \$0 and \$0 relating to the 2003 A; 2005 A, B, and C; 2006 B and C, Capital Revenue Bonds for the year ended June 30, 2016 and 2015. In order to maintain the exemption from Federal income tax of interest on the Bonds, the Authority has established a separate fund, called the Rebate Fund, for any amount required to be related to the Federal government pursuant to Section 148 of the Code. No payments were made from the Rebate Fund to the Federal government during the years ended June 30, 2016 and 2015. As of June 30, 2016 and 2015, the Authority had \$0 in the Rebate Fund.

Construction Contracts - At June 30, 2016 and 2015, the Authority had approximately \$6,977,110 and \$7,147,000, respectively, of construction projects outstanding.

Note I – Unrestricted Net Position

Unrestricted net position on the entity-wide statements at June 30 consist of:

	2016	2015
Net position available for future operations	\$ 433,510	\$ 390,754
Amount to be provided by future sales tax collection for retirement of revenue bonds	<u>(12,968,481)</u>	<u>(50,342,703)</u>
Unrestricted deficit	<u><u>\$ (12,534,971)</u></u>	<u><u>\$ (49,951,949)</u></u>

Notes to Financial Statements

June 30, 2016 and 2015

Note I – Unrestricted Net Position - Continued

The Authority has been given the responsibility of providing the accounting and financing for the 4 to Fix and Vision 2025 sales tax initiatives in fiscal year 2014. Effective in fiscal year 2015, all remaining 4 to Fix funds were transferred to Tulsa County. Most of the capital assets constructed with the proceeds of the revenue bonds are transferred to other governmental units while the related debt has been retained in the Authority. Three of those projects have been retained and long-term agreements were made with the beneficiary.

The conduit debt operation of the Authority has generated the net position available for future operations that are recorded as part of the committed fund balance in the general fund.

Note J – Deficits

The Authority finances capital expenditures for other governmental entities, including those that are not in the component unit group. The expenditure of funds for other entities has created deficits within the Authority. These deficits will be eliminated over time as sales tax is collected by the County and transferred to the Authority for payment of debt used to finance the projects of other governments.

Note K – Sales Tax Pledges

The Authority pledged 6/10 of one cent sales tax revenue received from the County to repay \$242,150,000 of Series 2003 A & B; \$150,000,000 of Series 2005 A & B; \$60,000,000 of Series 2005 C; and \$31,650,000 of Series 2006 B & C Capital Improvement Revenue Bonds. Proceeds from the bonds provided financing for Vision 2025 Projects related to: 1) American Airlines capital improvements; 2) education, health care and events facilities; and 3) community enrichment capital improvements. The bonds are payable from these sales tax revenues and are payable through 2017. The total principal and interest payable for the remainder of the life of these bonds is \$49,461,425. Total pledged sales taxes received from the County in the current fiscal year were \$64,668,974. Debt service payments for the current fiscal year of \$49,561,775 were 76.6% of the pledged sales taxes. The collections of pledged sales taxes end February 2017.

The Authority also pledged an additional 0.026% of sales tax revenue received from the County to repay \$9,595,000 of Series 2014 Capital Improvement Revenue Bonds and \$3,100,000 of Series 2015 Capital Improvement Revenue Bonds. Proceeds from the bonds provided financing for the acquisition and construction of a county jail expansion. The total principal and interest payable for the remainder of the life of these bonds is \$14,760,499. The bonds are payable from these sales tax revenues through 2029 (see Note F). Total pledged sales taxes received from the County in the current fiscal year were \$2,802,322. Debt service payments for the current fiscal year of \$781,131 were 27.9% of the pledged sales taxes. The collections of pledged sales taxes end July 2029.

Notes to Financial Statements

June 30, 2016 and 2015

Note K – Sales Tax Pledges - Continued

The Authority also pledged an additional 0.041% of sales tax revenue received from the County to repay \$38,020,000 of Series 2016 Capital Improvement Revenue Bonds. Proceeds from the bonds provided financing for the construction, operation and maintenance of the juvenile justice courts and detention center. The total principal and interest payable for the remainder of the life of these bonds is \$44,323,120. The bonds are payable from these sales tax revenues through 2029 (see Note F). Total pledged sales taxes received from the County in the current fiscal year were \$1,284,810. No debt service payments were made for the current fiscal year. The collections of pledged sales taxes end July 2029.

Tulsa County Industrial Authority
Schedule of Eliminations/Reclassifications for Reporting in Tulsa County Comprehensive Annual Financial Report - Unaudited
As of and For the Fiscal Year Ended June 30, 2016

	Sales Tax Debt Service Fund	Capital lease Debt Service Fund	Total Debt Service Funds	Eliminations/ Reclassifications Sales Tax D.S.	Eliminations/ Reclassifications Sheriff	Eliminations/ Reclassifications Parks	Tulsa County CAFR TCIA Debt Service
ASSETS:							
Restricted Cash, cash equivalents, and investments	80,936,212	767,987	81,704,199		-	-	81,704,199
Interest Receivable	94,652	5,327	99,979		(5,211)	-	94,768
Due from Tulsa County	8,173,692	-	8,173,692		-	-	8,173,692
Due from Tulsa City County Health Department	-	-	-		-	-	-
Capital leases receivable	-	14,423,955	14,423,955		(1,117,359)	(3,685,688)	9,620,908
Total Assets	89,204,556	15,197,269	104,401,825		(1,122,570)	(3,685,688)	99,593,567
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE:							
Interest payable from restricted assets	-	226,214	226,214		-	-	226,214
Due to Capital Project Fund	1,588,770	-	1,588,770		-	-	1,588,770
Deferred Inflows of Resources: Unavailable revenue	86,638	14,423,955	14,510,593		(1,117,359)	(3,685,688)	9,707,546
Fund Balance: Restricted	87,529,148	547,100	88,076,248		(5,211)	-	88,071,037
Total Liabilities, Deferred Inflows and Fund Balance	89,204,556	15,197,269	104,401,825		(1,122,570)	(3,685,688)	99,593,567
REVENUES:							
Lease income - principal	-	742,837	742,837		(150,263)	(377,943)	214,631
Lease income - interest	-	638,216	638,216		(33,935)	(136,094)	468,187
Investment income	765,845	581	766,426		-	-	766,426
Sub-total Revenues	765,845	1,381,634	2,147,479		(184,198)	(514,037)	1,449,244
EXPENDITURES:							
General government	980,889	-	980,889		-	-	980,889
Capital outlay	-	-	-		18,330	-	18,330
Bond principal	45,790,000	790,000	46,580,000		-	-	46,580,000
Bond interest	3,771,775	578,757	4,350,532		-	-	4,350,532
Sub-total Expenditures	50,542,664	1,368,757	51,911,421		18,330	-	51,929,751
Excess revenues over (under) expenditures	(49,776,819)	12,877	(49,763,942)		(202,528)	(514,037)	(50,480,507)
OTHER FINANCING SOURCES (USES):							
Transfers from beneficiary	64,668,974	-	64,668,974	(64,668,974)		-	-
Transfer to beneficiary	-	-	-				-
Capital lease proceeds paid to lessee	-	(18,330)	(18,330)		18,330	-	-
Operating transfers in	923,077	-	923,077	64,668,974	184,895	514,037	66,290,983
Operating transfers out	(13,541,179)	-	(13,541,179)			-	(13,541,179)
Net Other Financing Sources (Uses)	52,050,872	(18,330)	52,032,542		203,225	514,037	52,749,804
Excess revenues and other financing sources (uses) over (under) expenditures	2,274,053	(5,453)	2,268,600		697	-	2,269,297
Beginning fund balance	85,255,095	552,553	85,807,648		(5,908)	-	85,801,740
Ending fund balance	87,529,148	547,100	88,076,248		(5,211)	-	88,071,037

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	DLM Jail Expansion Special Revenue	Energy Program Special Revenue	DLM Jail Expansion Special Revenue	Juvenile Detention Center Special Revenue	Total Special Revenue	Eliminations/ Reclassifications	Eliminations/ Reclassifications Juv Det Ctr and Jail Expansion	Tulsa County CAFR TCIA Special Revenue Fund
	Fund	Fund	Fund	Fund	Funds	Energy Program		
ASSETS:								
Restricted Cash, cash equivalents, and investments	3,881,814	-	1,978,829	45,980,090	51,840,733	-	-	51,840,733
Interest Receivable	32	7,374	676	352	8,434	(7,374)	-	1,060
Due from Tulsa County	313,909	989,459	40,284	558,535	1,902,187	(989,459)	-	912,728
Accounts receivable	-	-	-	-	-	-	-	-
Contract receivable	-	-	-	-	-	-	-	-
Total Assets	4,195,755	996,833	2,019,789	46,538,977	53,751,354	(996,833)	-	52,754,521
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE:								
Interest payable from restricted assets	80,725	-	22,857	175,004	278,586	-	-	278,586
Accounts payable	-	-	1,738,457	41,004	1,779,461	-	-	1,779,461
Deferred Inflows of Resources: Unavailable revenue	-	996,833	-	-	996,833	(996,833)	-	-
Fund Balance:								
Restricted	4,115,030	-	258,475	46,322,969	50,696,474	-	-	50,696,474
Total Liabilities, Deferred Inflows and Fund Balance	4,195,755	996,833	2,019,789	46,538,977	53,751,354	(996,833)	-	52,754,521
REVENUES:								
Lease income - principal	-	-	-	-	-	-	-	-
Lease income - interest	-	-	-	-	-	-	-	-
Contract loan income-principal	-	65,541	-	-	65,541	(65,541)	-	-
Contract loan income-interest	-	9,671	-	-	9,671	(9,671)	-	-
Investment income	596	-	3,390	875	4,861	-	-	4,861
Sub-total Revenues	596	75,212	3,390	875	80,073	(75,212)	-	4,861
EXPENDITURES:								
Current:								
General government	5,000	-	92,855	678,671	776,526	-	-	776,526
Expenditures for jail expansion	8,471,991	-	2,941,283	-	11,413,274	-	-	11,413,274
Expenditures for juvenile detention center	-	-	-	41,005	41,005	-	-	41,005
Bond principal	510,000	65,541	-	-	575,541	-	-	575,541
Bond interest	245,646	9,671	44,115	175,004	474,436	-	-	474,436
Capital outlay	-	-	-	-	-	348,549	-	348,549
Sub-total Expenditures	9,232,637	75,212	3,078,253	894,680	13,280,782	348,549	-	13,629,331
Excess revenues over (under) expenditures	(9,232,041)	-	(3,074,863)	(893,805)	(13,200,709)	(423,761)	-	(13,624,470)
OTHER FINANCING SOURCES (USES):								
Transfers from beneficiary	2,570,020	-	232,302	8,549,810	11,352,132	-	(11,352,132)	-
Bond premium	-	-	1,036	646,964	648,000	-	-	648,000
Debt proceeds	-	652,166	3,100,000	38,020,000	41,772,166	-	-	41,772,166
Contract loan proceeds drawn	-	(348,549)	-	-	(348,549)	348,549	-	-
Operating transfers in	-	-	-	-	-	75,212	11,352,132	11,427,344
Operating transfers out	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	2,570,020	303,617	3,333,338	47,216,774	53,423,749	423,761	-	53,847,510
Excess revenues and other financing sources (uses) over (under) expenditures	(6,662,021)	303,617	258,475	46,322,969	40,223,040	-	-	40,223,040
Beginning fund balance	10,777,051	(303,617)	-	-	10,473,434	-	-	10,473,434
Ending fund balance	4,115,030	-	258,475	46,322,969	50,696,474	-	-	50,696,474



**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards***

Board of Trustees
Tulsa County Industrial Authority
Tulsa, Oklahoma

We have audited the financial statements of the governmental activities and each major fund of the Tulsa County Industrial Authority, Tulsa, Oklahoma (the Authority) a component unit of Tulsa County, as of and for the year ended June 30, 2016, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 7, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Trustees and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Tulsa, Oklahoma
October 7, 2016

Stanfield & O'Sell P.C.