# Tulsa County Industrial Authority

**Financial Statements**
and
Independent Auditor's Report

## June 30, 2016 and 2015

Tulsa County Industrial Authority

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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.

Stanfield & O'Dell P.C.

Tulsa, Oklahoma
October 7, 2016

# 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 | 161,476 | 118,932 | 36% | 115,452 | 3% |
| Deferred outflows of resources | 370 | 416 | -11% | 461 | -10% |
| Total assets and deferred outflows of resources | $ 161,846 | $ 119,348 | 36% | $ 115,913 | 3% |
| Current liabilities | $ 54,532 | $ 50,802 | 7% | $ 51,806 | -2% |
| Noncurrent liabilities | 65,176 | 74,319 | -12% | 112,893 | -34% |
| Total liabilities | 119,708 | 125,121 | -4% | 164,699 | -24% |
| Deferred inflows of resources | 76 | 82 | -7% | 89 | -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 | (12,535) | (49,952) | -75% | (95,601) | -48% |
| Total net position (deficit) | $ 42,062 | ($ 5,855) | -818% | ($ 48,875) | -88% |
| Total Liabilities, deferred inflows of resources, and net position | $ 161,846 | $ 119,348 | 36% | $ 115,913 | 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)**

| | 2016 | 2015 | % Inc. (Dec.) | 2014 | % Inc. (Dec.) |
|---|---|---|---|---|---|
| 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 | 772 | 697 | 11% | 696 | 0% |
| Total revenues | 77,556 | 68,218 | 14% | 63,335 | 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% |
| Transers to County | 300 | 10,093 | -97% | - | 100% |
| Total expenses | 29,639 | 25,198 | 18% | 12,609 | 100% |
| Change in net position | 47,917 | 43,020 | 11% | 50,726 | -15% |
| Beginning net position (deficit) | (5,855) | (48,875) | -88% | (99,601) | -51% |
| Ending net position (deficit) | $ 42,062 | ($ 5,855) | -818% | ($ 48,875) | -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.

| Voter Proposition | Capital Project | Expended this Fiscal Year | Total Expended Project-to-Date | Percentage Completed |
|---|---|---|---|---|
| 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 | $ 159,145 | $ 9,998 | $ 49,760 | $ 119,383 |

| | 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 | $ 119,383 | $ 41,772 | $ 47,156 | $ 113,999 |

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 | Governmental Activities 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 |
| | 144,537,120 | 101,525,390 |
| 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 | 161,475,354 | 118,932,889 |
| **Deferred Outflows of Resources** | | |
| Deferred charge on refunding | 370,264 | 415,602 |
| Total Assets and Deferred Outflows of Resources | $ 161,845,618 | $ 119,348,491 |
| **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 |
| | 54,531,992 | 50,801,928 |
| 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 | 119,707,830 | 125,121,337 |
| **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) | 42,062,258 | (5,854,896) |
| Total Liabilities, Deferred Inflows of Resources and Net Position | $ 161,845,618 | $ 119,348,491 |

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: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue |
|---|---|---|---|---|---|
| **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 | $ 29,339,372 | $ 763,275 | $ - | $ - | $ (28,576,097) |

**Changes in Net Position:**

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

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

Tulsa County Industrial Authority

## Statement of Activities

Year Ended June 30, 2015

| | | Program Revenues | | | |
|---|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Net (Expense) Revenue |
| **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 | $ 15,105,761 | $ 727,321 | $ - | $ - | $ (14,378,440) |

| | |
|---|---|
| **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 | (10,092,869) |
| Change in net position | 43,019,912 |
| Net position (deficit) - beginning of year | (48,874,808) |
| Net position (deficit) - end of year | $ (5,854,896) |

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

Tulsa County Industrial Authority

**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 | $ 633,592 | $ 1,916,391 | $ 89,204,556 | $ 15,197,269 | $ 4,195,755 | $ 996,833 | $ 2,019,789 | $ 46,538,977 | $ 160,703,162 |
| **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 | - | 1,885,859 | 1,588,770 | 226,214 | 80,725 | - | 1,761,314 | 216,008 | 5,758,890 |
| Deferred Inflows | | | | | | | | | |
| Unavailable revenue | - | - | 86,638 | 14,423,955 | - | 996,833 | - | - | 15,507,426 |
| Total Deferred Inflows | - | - | 86,638 | 14,423,955 | - | 996,833 | - | - | 15,507,426 |
| 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 | 633,592 | 30,532 | 87,529,148 | 547,100 | 4,115,030 | - | 258,475 | 46,322,969 | 139,436,846 |
| Total Liabilities, Deferred Inflows, and Fund Balance | $ 633,592 | $ 1,916,391 | $ 89,204,556 | $ 15,197,269 | $ 4,195,755 | $ 996,833 | $ 2,019,789 | $ 46,538,977 | $ 160,703,162 |

**Continued on next page**

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

**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 liabiltiy. 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. | 2,360,964 |
| Net position (deficit) of governmental activities. | $ 42,062,258 |

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.

**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. | | 2,360,964 |
| Net position (deficit) of governmental activities. | $ | (5,854,896) |

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

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

June 30, 2016

| **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 | Jail Expansion Special Revenue Fund #2 | Juvenile Justice Special Revenue Fund | Total Governmental Fund |
|---|---|---|---|---|---|---|---|---|---|
| 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.

**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 | (808,378) |
| Change in net position of governmental activities | $ 47,917,154 |

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 | 55,538 | 38 | 696,201 | 1,381,291 | 101 | - | 2,133,169 |
| **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 | 118,097 | 7,468,763 | 56,076,277 | 1,377,242 | 1,482,592 | - | 66,522,971 |
| **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) | - | 4,469,962 | 49,567,902 | (274,166) | 12,259,542 | (303,617) | 65,719,623 |
| Excess (deficiency) of revenues over (under) expenditures - other financing sources (uses): | (62,559) | (2,998,763) | (5,812,174) | (270,117) | 10,777,051 | (303,617) | 1,329,821 |
| Fund balance at June 30, 2014 | 953,538 | 3,282,160 | 91,067,269 | 822,670 | - | - | 96,125,637 |
| Fund balance at June 30, 2015 | $ 890,979 | $ 283,397 | $ 85,255,095 | $ 552,553 | $ 10,777,051 | $ (303,617) | $ 97,455,458 |

**Continued on next page**

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

**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 | (716,558) |
| Change in net position of governmental activities | $ 43,019,912 |

**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;

**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.

**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:

**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.

**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

**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.

**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 | $ 134,306,000 | $ 134,306,000 | | |

**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 |
| | $ | 134,306,000 |

(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 | $ | 134,306,000 | 100% | 0% | 0% | 0% |

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 | $ | 91,526,110 | $ | 91,526,110 | | |

**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 |
| | $ | 91,526,110 |

(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 | $ | 91,526,110 | 100% | 100% | 0% | 0% |

**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.

### 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:

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

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:

| Series | | Principal |
|---|---|---|
| 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 |
| | | 113,999,459 |
| | Less current | 50,136,196 |
| | Long term | $ 63,863,263 |

**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.

**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:

**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 |

**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 |

**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 |

**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 |
| | $ 38,020,000 | $ 6,303,120 | $ 44,323,120 |

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 |
| | $ 119,382,834 | $ 41,772,166 | $ 47,155,541 | $ 113,999,459 | $ 50,136,196 |

**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 |
| | $ 159,145,000 | $ 9,997,834 | $ 49,760,000 | $ 119,382,834 | $ 47,155,541 |

**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. | 193,990,000 |
| Subtotal to next page | $ 200,898,880 |

### 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 | $ | 611,879,078 |

## 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 | $ | 691,299,078 |

## 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 | (12,968,481) | (50,342,703) |
| Unrestricted deficit | $ (12,534,971) | $ (49,951,949) |

**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.

**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, Defered 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 |

(Continued on following page)

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

(Continued from previous page)

| | DLM Jail Expansion Special Revenue Fund | Energy Program Special Revenue Fund | DLM Jail Expansion Special Revenue Fund | Juvenile Detention Center Special Revenue Fund | Total Special Revenue Funds | Eliminations/ Reclassifications Energy Program | Eliminations/ Reclassifications Juv Det Ctr and Jail Expansion | Tulsa County CAFR TCIA Special Revenue Fund |
|---|---|---|---|---|---|---|---|---|
| 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, Defered 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 detension 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'Dell P.C.