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

FINANCIAL REPORT
June 30, 2023 and 2022

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(A Component Unit of the City of Tulsa, Oklahoma)
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RSM

RSM US LLP

Independent Auditor's Report

Board of Trustees
Tulsa Metropolitan Utility Authority

Opinions
We have audited the financial statements of the business-type activities and each major fund of the Tulsa Metropolitan Utility Authority (the Authority), a component unit of the City of Tulsa, Oklahoma, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Authority, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority 's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Authority 's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority 's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

RSM US LLP

Kansas City, Missouri
December 1, 2023

As management of the Tulsa Metropolitan Utility Authority (the "Authority"), a component unit of the City of Tulsa, Oklahoma (the "City"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended June 30, 2023 and 2022. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 10. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the current year by $1,516,523. Of this amount, $184,537 is unrestricted and may be used to meet the Authority's ongoing obligations.

- The Authority's net position increased from $1,437,598 at June 30, 2022 to $1,516,523 at June 30, 2023. During 2023, the Authority generated an increase in net position of $78,925 compared to an increase in net position of $60,135 during 2022.

- The Authority's cash and cash equivalents at June 30, 2023, were $323,486, representing a decrease of $7,944 from June 30, 2022.

Overview of the Financial Statements

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

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

Required Financial Statements

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

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

Net Position

The Authority's net position increased $78,925 for the year ended June 30, 2023 and $60,135 for the year ended June 30, 2022. The following table provides a summary of net position.

SUMMARY OF NET POSITION

	2023	2022	2021 (as restated)
Current assets, unrestricted	$ 269,493	$ 271,359	$ 284,999
Restricted assets	99,597	99,921	85,977
Capital assets, net	1,576,586	1,515,044	1,449,237
Other assets	39,324	39,147	38,510
Total assets	1,985,000	1,925,471	1,858,723
Total deferred outflows of resources	13,743	14,701	14,087
Current liabilities	86,403	81,680	84,084
Noncurrent liabilities	390,822	414,650	386,862
Total liabilities	477,225	496,330	470,946
Total deferred inflows of resources	4,995	6,244	24,401
Net investment in capital assets	1,315,592	1,232,233	1,153,457
Restricted	16,394	15,070	15,398
Unrestricted	184,537	190,295	208,608
Total net position	$ 1,516,523	$ 1,437,598	$ 1,377,463

In 2023, total assets increased $59,529. Current assets decreased $1,866, primarily due to a decrease of $7,620 in cash and cash equivalents attributable to a decline in the fair value of investments held in the City's pooled portfolio offset by an increase in net utilities receivables of $2,983 and inventories of $2,619 attributable to increase in water meters. The decrease in restricted assets of $324 is primarily attributable to decreased spending of debt proceeds to fund capital. The $61,542 increase in capital assets is consistent with the improvement and expansion of both utility systems and is necessary to provide adequate services to our customers and to assure compliance with all applicable laws and regulations. Total deferred outflows of resources decreased $958 primarily due to a decrease in deferred outflows of pension related resources of $608 and deferred charge on refunding of $316. Total liabilities decreased $19,105 primarily due to decrease in revenue bonds payable $20,050, promissory notes payable of $4,834 and general obligation debt of $1,007 offset by an increase in net pension liability of $4,621 and accounts payable and accrued liabilities of $2,558 due to timing. Total deferred inflows of resources decreased $1,249 primarily due to decreases in pension related items of $978 and deferred gain on refunding of $162.

Net Position, continued

In 2022, total assets increased $66,748. Current assets decreased $13,640, primarily due to a decrease of $10,730 in cash and cash equivalents attributable to a decline in the fair value of investments held in the City's pooled portfolio as well as a decrease in other receivables of $2,271 related to federal grant accrual. The increase in restricted assets of $13,944 is primarily attributable to increases in debt proceeds of $12,356 and escrow deposits of $1,139. The $65,807 increase in capital assets is consistent with the improvement and expansion of both utility systems and is necessary to provide adequate services to our customers and to assure compliance with all applicable laws and regulations. Total deferred outflows of resources increased $614 primarily due to an increase in deferred outflows of pension related resources of $1,214 offset by decrease in deferred charge on refunding of $381. Total liabilities increased $25,384 due primarily to increases in net pension liability of $23,132, promissory notes payable of $14,277 related to increased debt proceeds offset by decreases in revenue bonds payable of $4,415 and accounts payable and accrued liabilities of $4,279 due to timing. Total deferred inflows of resources decreased $18,157 primarily due to decreases in pension related items of $18,126.

SUMMARY OF CHANGES IN NET POSITION

	2023	2022	2021 (not restated)
Operating revenue	$ 282,175	$ 260,266	$ 251,453
Nonoperating revenue	662	1,254	2,500
Investment income	4,988	-	1,478
Total revenues	287,825	261,520	255,431
Depreciation expense	45,702	45,028	43,819
Other operating expense	145,774	124,087	118,023
Nonoperating expense	28,111	34,820	26,010
Total expenses	219,587	203,935	187,852
Income before contributions	68,238	57,585	67,579
Capital contributions	10,731	5,526	8,294
Capital contributions (to) from City of Tulsa	(44)	(2,976)	19
Total capital contributions	10,687	2,550	8,313
Change in net position	78,925	60,135	75,892
Net position, beginning of year	1,437,598	1,377,463	1,301,571
Net position, end of year	$ 1,516,523	$ 1,437,598	$ 1,377,463

In 2023, total revenues increased $26,305, due primarily to increase in operating revenue of $21,909 resulting from increased wastewater rates and water usage as well as investment gains experienced during the year offset by decrease in proceeds from sale of capital assets of $543. Other operating expenses increased $21,687 due to increase in personnel services of $12,207, materials and supplies of $3,762 due to increased fuel costs, chemicals and supplies for water treatment and leak repairs; and increase of $5,718 for utilities due to increased pumping, and paving repairs due to increased water line breaks. Nonoperating expenses decreased $6,709 due primarily to increased payments in lieu of taxes to the City of Tulsa of $3,130 offset by an increase in net investment gains due to increased returns on investments held in the City's pooled portfolio. Capital contributions increased $8,137 primarily related to increases in contributed water and wastewater lines of $5,205 and decrease of capital contributions to the City of Tulsa of $2,932. As a result of these changes, net position decreased $78,925 during the year.

In 2022, total revenues increased $6,089, due primarily to increase in operating revenue of $8,813 resulting from increased wastewater rates and water usage offset by decrease in noncapital federal grants of $191,218 as well as investment losses experienced during the year. Other operating expenses increased $6,064 due to increase in personnel services of $4,103 as well as increase in materials and supplies of $1,007 due to increased vendor costs for fuel and water treatment chemicals. Nonoperating expenses increased $8,810, due primarily to net investment losses of $9,516 mostly attributable to a decline in the fair value of on investments held in the City's pooled portfolio offset by decreases in new bond issuance costs of $428 and interest and amortization expense of $309. Capital contributions decreased $5,763 primarily related to decreases in contributed water and wastewater lines of $2,768 and the transfer of the Brake and Wheel Center with a historic value of $2,574 to City of Tulsa. As a result of these changes, net position increased $60,135 during the year.

Capital Assets

The Authority's investment in capital assets as of June 30, 2023 and 2022 was $1,576,586 and $1,515,044, respectively (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, equipment, water storage lease and right-to-use leased assets of land, building and equipment. The Authority paid $93,333 and $113,100 during 2023 and 2022, respectively, related to the acquisition and purchase of capital assets. Contributions from area developers for water and wastewater lines were $10,731 and $5,526 during 2023 and 2022, respectively.

	2023	2022	2021 (as restated)
Land	$ 38,177	$ 38,177	$ 38,177
Water storage lease	9,593	9,593	9,593
Buildings	54,883	51,507	53,443
Equipment	92,269	89,631	84,566
Land improvements, water and sewer lines	2,258,047	2,164,156	2,054,908
Right-to-use land	-	52	52
Right-to-use building	164	164	-
Right-to-use equipment	-	327	327
	2,453,133	2,353,607	2,241,066
Less accumulated depreciation/amortization	(949,923)	(905,739)	(863,936)
Construction-in-progress	73,376	67,176	72,107
Capital assets, net	$ 1,576,586	$ 1,515,044	$ 1,449,237

Debt

During 2023, the Authority's debt decreased $25,891 or 7.2%. The change is primarily a result of regularly scheduled principal payments. At June 30, 2023 and 2022, the Authority had outstanding general obligation bonded debt of $2,539 and $3,546, respectively. These bonds are required to be fully paid within 25 years from the date of issue and are backed by the full faith and credit of the City. The City's Charter requires that not less than 50% of the annual principal and interest requirements on general obligation bonds issued for waterworks and wastewater be funded by water and wastewater revenues, respectively.

	2023	2022	2021
General obligation bonds	$ 2,539	$ 3,546	$ 5,308
Revenue bonds	170,410	190,460	194,875
Promissory notes	159,162	163,996	149,719
Total debt	$ 332,111	$ 358,002	$ 349,902

In 2022, the Authority issued revenue bonds to fund capital improvements to the wastewater systems. As an issuer of bonds, the Authority is subject to numerous covenants contained within the bond indentures. The Authority is in full compliance with all of these covenants.

Funds

The Authority has two funds, the Water Fund and the Sewer Fund. At June 30, 2023, the Water Fund net position of $746,361 reflected an increase of $28,930 from the net position of $717,431 at June 30, 2022. At June 30, 2023, the Sewer Fund net position of $770,162 reflected an increase of $49,995 from the net position of $720,167 at June 30, 2022.

Economic factors and next year's budgets and rates

At the national level, unemployment remained 3.6% at the end of fiscal year 2023, consistent with last year. Unemployment in the Tulsa Metro was below the national level during the fiscal year. The unemployment rate in the Tulsa Metro was 3.0% at the end of fiscal year 2023 compared to 3.5% at the end of fiscal year 2022. The Authority continues to have consistent accounts receivable collections.

The Authority's appointed officials considered many factors when setting the fees that will be charged for water and sewer services in 2023. The Authority approved a 3 percent rate increase in water fees and a 4 percent rate increase in sewer fees beginning in October 2023. The fee increases are to fund operations, maintenance, debt service, and capital improvements.

Requests for Information

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

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF NET POSITION
June 30, 2023 and 2022

(In thousands of dollars)	2023			2022		
ASSETS	**Water Fund**	**Sewer Fund**	**Business-type Activities Total**	**Water Fund**	**Sewer Fund**	**Business-type Activities Total**
Current assets:						
Cash and cash equivalents	$ 117,801	$ 106,088	$ 223,889	$ 127,860	$ 103,649	$ 231,509
Cash and cash equivalents, restricted	21,448	11,160	32,608	20,001	10,358	30,359
Accounts receivable:						
Utility services receivable, net	17,068	18,357	35,425	16,375	16,067	32,442
Other receivables, net	506	357	863	398	189	587
Property tax receivable	-	471	471	-	520	520
Current portion of lease receivable	100	3	103	94	1	95
Prepaid expenses	83	52	135	141	77	218
Inventories	8,366	241	8,607	5,688	300	5,988
Total current assets	165,372	136,729	302,101	170,557	131,161	301,718
Noncurrent assets:						
Cash and cash equivalents, restricted	16,565	50,424	66,989	16,753	52,809	69,562
Interest receivable	85	235	320	10	30	40
Lease receivable	749	30	779	696	31	727
Equity interest in joint venture	-	38,225	38,225	-	38,380	38,380
Nondepreciable capital assets	65,778	55,368	121,146	56,875	58,071	114,946
Depreciable capital assets, net	641,597	813,843	1,455,440	624,199	775,899	1,400,098
Total noncurrent assets	724,774	958,125	1,682,899	698,533	925,220	1,623,753
Total assets	$ 890,146	$ 1,094,854	$ 1,985,000	$ 869,090	$ 1,056,381	$ 1,925,471
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	620	53	673	900	89	989
Pension related items	7,240	5,334	12,574	6,854	6,328	13,182
Other postemployment benefits related items	263	233	496	278	252	530
Total deferred outflows of resources	$ 8,123	$ 5,620	$ 13,743	$ 8,032	$ 6,669	$ 14,701

(Continued)

The accompanying notes are an integral part of the financial statements

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF NET POSITION, Continued
June 30, 2023 and 2022

(In thousands of dollars)	2023			2022		
LIABILITIES	**Water Fund**	**Sewer Fund**	**Business-type Activities Total**	**Water Fund**	**Sewer Fund**	**Business-type Activities Total**
Current liabilities:						
Accounts payable and accrued liabilities	$ 15,200	$ 17,586	$ 32,786	$ 14,953	$ 15,275	$ 30,228
Current portion of compensated absences	2,039	1,574	3,613	1,597	1,380	2,977
Current portion of lease liability	276	29	305	326	75	401
Current portion of other OPEB	64	55	119	59	52	111
Liabilities payable from restricted assets:						
Deposits subject to refund	14,133	801	14,934	12,871	641	13,512
Current portion of general obligation debt	-	980	980	-	1,007	1,007
Current portion of promissory notes	-	13,161	13,161	-	13,394	13,394
Current portion of revenue bonds	11,755	8,750	20,505	11,430	8,620	20,050
Total current liabilities	43,467	42,936	86,403	41,236	40,444	81,680
Noncurrent liabilities:						
General obligation debt	-	1,559	1,559	-	2,539	2,539
Promissory notes	-	146,001	146,001	-	150,602	150,602
Revenue bonds	56,845	93,060	149,905	68,600	101,810	170,410
Unamortized bond premium	1,743	5,473	7,216	2,388	6,650	9,038
Compensated absences	1,088	840	1,928	1,052	910	1,962
Lease liability	2,019	29	2,048	2,406	115	2,521
Total OPEB liability	1,025	895	1,920	1,043	911	1,954
Net pension liability	43,325	36,920	80,245	39,913	35,711	75,624
Total noncurrent liabilities	106,045	284,777	390,822	115,402	299,248	414,650
Total liabilities	$ 149,512	$ 327,713	$ 477,225	$ 156,638	$ 339,692	$ 496,330
DEFERRED INFLOWS OF RESOURCES						
Deferred inflow of lease related resources	805	30	835	748	32	780
Deferred gain on refunding	-	650	650	-	812	812
Pension related items	1,402	1,274	2,676	2,055	1,599	3,654
Other postemployment benefits related items	189	174	363	250	228	478
Property tax revenue	-	471	471	-	520	520
Total deferred inflows of resources	$ 2,396	$ 2,599	$ 4,995	$ 3,053	$ 3,191	$ 6,244
NET POSITION						
Net investment in capital assets	642,090	673,502	1,315,592	603,707	628,526	1,232,233
Restricted for debt service	6,690	9,704	16,394	6,320	8,750	15,070
Unrestricted	97,581	86,956	184,537	107,404	82,891	190,295
Total net position	$ 746,361	$ 770,162	$ 1,516,523	$ 717,431	$ 720,167	$ 1,437,598

The accompanying notes are an integral part of the financial statements

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended June 30, 2023 and 2022

(In thousands of dollars)	2023 Water Fund	2023 Sewer Fund	2023 Business-type Activities Total	2022 Water Fund	2022 Sewer Fund	2022 Business-type Activities Total
Operating revenues:						
Water and sewer services	$ 136,866	$ 145,309	$ 282,175	$ 126,785	$ 133,481	$ 260,266
Operating expenses:						
Personnel services	39,926	34,629	74,555	32,724	29,624	62,348
Materials and supplies	12,342	4,332	16,674	9,166	3,746	12,912
Other services and charges	29,429	25,116	54,545	25,127	23,700	48,827
Depreciation	21,636	24,066	45,702	21,320	23,708	45,028
Total operating expenses	103,333	88,143	191,476	88,337	80,778	169,115
Operating income	33,533	57,166	90,699	38,448	52,703	91,151
Nonoperating revenues (expenses):						
Investment gain (loss)	2,384	2,604	4,988	(5,622)	(3,894)	(9,516)
Interest and amortization expense	(2,152)	(6,491)	(8,643)	(2,457)	(6,360)	(8,817)
Interest revenue on lease receivable	25	1	26	13	-	13
Bond issuance costs	-	-	-	-	(149)	(149)
Ad valorem taxes	-	520	520	-	545	545
Federal grants noncapital	4	-	4	20	3	23
Payments in lieu of taxes to City of Tulsa	(10,000)	(9,468)	(19,468)	(8,390)	(7,948)	(16,338)
Gain on disposal of capital assets	98	14	112	292	381	673
Net nonoperating expenses	(9,641)	(12,820)	(22,461)	(16,144)	(17,422)	(33,566)
Income before capital contributions	23,892	44,346	68,238	22,304	35,281	57,585
Capital contributions	5,100	5,631	10,731	1,838	3,688	5,526
Capital contributions to City of Tulsa	(67)	(35)	(102)	(2,973)	(3)	(2,976)
Capital contributions from City of Tulsa	5	53	58	-	-	-
Total capital contributions	5,038	5,649	10,687	(1,135)	3,685	2,550
Change in net position	28,930	49,995	78,925	21,169	38,966	60,135
Net position, beginning of year	717,431	720,167	1,437,598	696,262	681,201	1,377,463
Net position, end of year	$ 746,361	$ 770,162	$ 1,516,523	$ 717,431	$ 720,167	$ 1,437,598

The accompanying notes are an integral part of the financial statements

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

(In thousands of dollars)	2023 Water Fund	2023 Sewer Fund	2023 Business-type Activities Total	2022 Water Fund	2022 Sewer Fund	2022 Business-type Activities Total
Cash flows from operating activities:						
Received from customers, including deposits	$ 137,352	$ 143,175	$ 280,527	$ 127,857	$ 135,890	$ 263,747
Payments to suppliers for goods and services	(43,995)	(29,338)	(73,333)	(37,206)	(25,899)	(63,105)
Payments to personnel for services	(37,135)	(32,675)	(69,810)	(31,010)	(27,777)	(58,787)
Net cash provided by operating activities	56,222	81,162	137,384	59,641	82,214	141,855
Cash flows from non-capital and related financing activities:						
Payments in lieu of taxes to the primary government	(10,000)	(9,468)	(19,468)	(8,390)	(7,948)	(16,338)
Operating grant received	4	-	4	20	2,042	2,062
Net cash used by non-capital and related financing activities	(9,996)	(9,468)	(19,464)	(8,370)	(5,906)	(14,276)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(43,163)	(50,170)	(93,333)	(46,140)	(66,960)	(113,100)
Investment in joint venture	-	(1,014)	(1,014)	-	(1,913)	(1,913)
Proceeds from sale of capital assets	216	31	247	401	389	790
Principal paid on long-term debt	(11,698)	(23,075)	(34,773)	(11,417)	(22,822)	(34,239)
Interest paid on long-term debt	(2,627)	(7,978)	(10,605)	(2,982)	(7,743)	(10,725)
Payment of bond issuance costs	-	-	-	-	(149)	(149)
Proceeds from long-term debt issuance	-	8,561	8,561	-	41,999	41,999
Premium received on debt issuance	-	-	-	-	188	188
Payments from primary government	5	53	58	-	-	-
Payment to primary government	(67)	-	(67)	(390)	-	(390)
Lease receipts	93	-	93	23		23
Capital Contributions	-	-	-	150	-	150
Ad valorem taxes received for debt service	-	520	520	-	545	545
Net cash used by capital and related financing activities	(57,241)	(73,072)	(130,313)	(60,355)	(56,466)	(116,821)
Cash flows from investing activities:						
Interest income (loss) on investments	2,215	2,234	4,449	(5,971)	(4,089)	(10,060)
Sale or maturity of investments	-	-	-	7,532	11,601	19,133
Net cash provided by investing activities	2,215	2,234	4,449	1,561	7,512	9,073
Net (decrease) increase in cash and cash equivalents	(8,800)	856	(7,944)	(7,523)	27,354	19,831
Cash and cash equivalents, beginning of year	164,614	166,816	331,430	172,137	139,462	311,599
Cash and cash equivalents, end of year	$ 155,814	$ 167,672	$ 323,486	$ 164,614	$ 166,816	$ 331,430

(Continued)

The accompanying notes are an integral part of the financial statements

TULSA METROPOLITAN UTILITY AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF CASH FLOWS, Continued
Years Ended June 30, 2023 and 2022

(In thousands of dollars)	2023 Water Fund	2023 Sewer Fund	2023 Business-type Activities Total	2022 Water Fund	2022 Sewer Fund	2022 Business-type Activities Total
Reconciliation of cash and cash equivalents to the Statement of Net Position:						
Current unrestricted cash and cash equivalents	$ 117,801	$ 106,088	$ 223,889	$ 127,860	$ 103,649	$ 231,509
Current restricted cash and cash equivalents	21,448	11,160	32,608	20,001	10,358	30,359
Noncurrent restricted cash and cash equivalents	16,565	50,424	66,989	16,753	52,809	69,562
	$ 155,814	$ 167,672	$ 323,486	$ 164,614	$ 166,816	$ 331,430
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	$ 33,533	$ 57,166	$ 90,699	$ 38,448	$ 52,703	$ 91,151
Adjustments:						
Depreciation	21,636	24,066	45,702	21,320	23,708	45,028
Change in accounts receivable	(833)	(2,293)	(3,126)	(6)	2,378	2,372
Change in prepaids	57	25	82	-	15	15
Change in inventories	(2,678)	59	(2,619)	(3,376)	(112)	(3,488)
Change in joint venture	-	1,205	1,205	-	953	953
Change in deferred outflows pension	(386)	994	608	(695)	(519)	(1,214)
Change in deferred outflows OPEB	15	19	34	107	113	220
Change in accounts payable and other accrued liabilities	873	(1,054)	(181)	555	850	1,405
Change in total OPEB liability	(13)	(13)	(26)	(469)	(438)	(907)
Change in deposits subject to refund	1,262	160	1,422	1,139	-	1,139
Change in net pension liability	3,412	1,209	4,621	12,083	11,049	23,132
Change in deferred inflows lease	58	(2)	56	(62)	32	(30)
Change in deferred inflows pension	(653)	(325)	(978)	(9,508)	(8,618)	(18,126)
Change in deferred inflows OPEB	(61)	(54)	(115)	105	100	205
Net cash provided by operating activities	$ 56,222	$ 81,162	$ 137,384	$ 59,641	$ 82,214	$ 141,855
Noncash capital and related financing activities:						
Contributions from area developers	$ 5,100	$ 5,631	$ 10,731	$ 1,838	$ 3,688	$ 5,526
Additions included in accounts payable and retainage	$ 9,832	$ 13,603	$ 23,435	$ 9,871	$ 9,966	$ 19,837

The accompanying notes are an integral part of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

INVESTMENTS – The Authority invests available funds in accordance with bond indentures and/or state statutes; authorized investments consist of obligations of the U.S. Treasury and federal agencies and instrumentalities. The investments of the Authority are reported at fair value.

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

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

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

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

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

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

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

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

UTILITY SERVICES RECEIVABLE – This balance consists of amounts due from customers within and around the Tulsa metropolitan area for utility service. Unbilled revenue is accrued and included in utility services receivable for services that were provided, but not billed at year end. Utility services receivable included $7,888 and $8,098 of accrued unbilled revenue for the Water fund and Sewer fund, respectively, as of June 30, 2023, and $8,335 and $7,486 for the Water fund and Sewer fund, respectively, as of June 30, 2022. The Authority recorded an allowance for uncollectible accounts of $379 and $199 for Water fund and Sewer fund, respectively, as of June 30, 2023 and $763 and $566 for Water fund and Sewer fund, respectively, as of June 30, 2022.

LEASE RECEIVABLE - The Authority, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. The lease receivable is measured at the present value of the lease payment expected to be received during the lease term. The deferred inflow of resources should be measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that related to future periods.

CAPITAL ASSETS – Capital assets purchased or acquired at an initial cost of $5 or more and having a useful life of more than one year are carried at historical cost. Contributed assets are recorded at acquisition value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Interest incurred during the construction phase of capital assets of the enterprise activities is expensed in accordance with GASB Statement No.89.

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

Land improvements	30 years
Buildings	50 years
Water and sewer lines	33 - 100 years
Equipment	3 - 20 years
Right-to-use land	3 years
Right-to-use building	2 years
Right-to-use equipment	3-6 years

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

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

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

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

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

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

NET POSITION – Net position of the Authority represents the difference between assets and liabilities and deferred inflows/outflows. Net investment in capital assets, consists of capital assets net of accumulated depreciation and amortization, and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Net investment in capital assets as of June 30, 2023 excludes unspent bond proceeds of $16,566 and $49,374 for Water and Sewer, respectively, and as of June 30, 2022 excludes unspent bond proceeds of $16,753 and $51,707 for Water and Sewer, respectively. Net position is reported as restricted when there are limitations imposed on the use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Authority first applies restricted resources. Unrestricted net position is the difference between assets, liabilities and deferred inflows/outflows of resources that do not meet the definition of net investment in capital assets or restricted.

RECLASSIFICATIONS – Certain prior year amounts have been reclassified to conform to the current year presentation.

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

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

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

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

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

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

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

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

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

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

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

LEASES

Lessee – The Authority is a lessee for noncancellable leases. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset). At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease asset is amortized on a straight-line basis over its useful life, unless the underlying asset is nondepreciable. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payment to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for the leases.
- The lease term includes the noncancellable period of the lease. Lease payments include the measurement of the lease liability are composed of the fixed payments and purchase option price that the Authority is reasonably certain to exercise.

Lessor – The Authority is a lessor for noncancellable leases. The Authority recognizes a lease receivable and deferred inflow of resources on the statement of net position. At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for the leases or a rate based on the economic characteristics of the transaction.
- The lease term includes the noncancellable period of the lease. Lease receipts include in the measurement of the lease receivable are composed of the fixed payments from the lessee.

The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability (Authority as Lessee) and the lease receivable and deferred inflows of resources (Authority as Lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or receivable.

2. CASH DEPOSITS AND INVESTMENTS

CASH AND CASH EQUIVALENTS – Cash deposits of the Authority, not held in trust accounts, are held within the City's pooled portfolio. The City's pooled portfolio consists primarily of time deposits and other securities guaranteed by the United States Government or its agencies. At June 30, 2023 and 2022 the Authority held $234,619 and $236,758, respectively, in the City's pooled portfolio, which represented 18.9% and 20.3%, respectively of the City's pooled portfolio.

The City's pooled portfolio is collateralized by securities held by the City or its agent in the City's name as of fiscal year end.

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

In addition to assets held in the City's pooled portfolio, the Authority has assets it holds directly. The Authority has money market mutual funds that are reported as cash equivalents on the statement of net position of $88,867 and $94,672 as of June 30, 2023 and 2022, respectively. The money market mutual funds are comprised of treasury securities, agency securities, cash and cash equivalents and collateralized repos based on the bond indentures.

INVESTMENTS – The Authority has money market mutual funds of $88,867 and $94,672 as of June 30, 2023 and 2022, respectively, reported as cash equivalents on the statement of net position.

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

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

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

The Authority's deposit policy for custodial credit risk requires compliance with provisions of state law and that demand deposits be collateralized by at least 110% of the amount that is not federally insured. The Authority's investments in U.S. Treasury Securities at June 30, 2023 are registered securities held by the Authority or by its agent in the Authority's name. At June 30, 2023 and 2022 none of the Authority's deposits, including money market mutual funds of $88,867 and $94,672, respectively, were exposed to custodial credit risk.

Concentration of Credit Risk – The Authority utilizes the City of Tulsa investment policy to determine the amount that may be invested in any one issuer.

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

3. RESTRICTIONS ON ASSET USE

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

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

	2023	2022
General Obligation Bonds:		
Sinking funds	$ 1,051	$ 1,102
Deposits subject to refund:		
Escrow deposits	14,934	13,512
Sewer Debt:		
Debt service fund	10,358	9,717
Construction fund	32,630	35,144
Reserve fund	16,744	16,563
Debt service, construction, reserve funds	59,732	61,424
Water Debt:		
Debt service fund	7,314	7,129
Construction fund	2,426	2,803
Reserve fund	14,140	13,951
Debt service, construction, reserve funds	23,880	23,883
Total restricted assets	$ 99,597	$ 99,921

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

4. **CAPITAL ASSETS** – Changes in capital assets are summarized as follows:

2023	**Beginning Balance**	**Increases**	**Transfers/ Decreases**	**Ending Balance**
Nondepreciable assets:				
Land	$ 38,177	$ -	$ -	$ 38,177
Water rights	9,593	-	-	9,593
Construction-in-progress	67,176	88,351	(82,151)	73,376
Total nondepreciable capital assets	114,946	88,351	(82,151)	121,146
Capital assets being depreciated/amortized:				
Land improvements, water and sewer lines	2,164,156	15,375	78,516	2,258,047
Buildings	51,507	312	3,064	54,883
Equipment	89,631	3,591	(953)	92,269
Right-to-use land	52	-	(52)	-
Right-to-use building	164	-	-	164
Right-to-use equipment	327	-	(327)	-
Total capital assets being depreciated/amortized	2,305,837	19,278	80,248	2,405,363
Accumulated depreciation/amortization:				
Land improvements, water and sewer lines	(810,269)	(39,554)	4	(849,819)
Buildings	(36,526)	(725)	-	(37,251)
Equipment	(58,838)	(5,335)	1,375	(62,798)
Right-to-use land	(26)	(26)	52	-
Right-to-use building	-	(55)	-	(55)
Right-to-use equipment	(80)	(7)	87	-
	(905,739)	(45,702)	1,518	(949,923)
Capital assets being depreciated/amortized, net	1,400,098	(26,424)	81,766	1,455,440
Capital assets, net	$ 1,515,044	$ 61,927	$ (385)	$ 1,576,586

2022	**Beginning Balance**	**Increases**	**Transfers/ Decreases**	**Ending Balance**
Nondepreciable assets:				
Land	$ 38,177	$ -	$ -	$ 38,177
Water rights	9,593	-	-	9,593
Construction-in-progress	72,107	97,614	(102,545)	67,176
Total nondepreciable capital assets	119,877	97,614	(102,545)	114,946
Capital assets being depreciated/amortized:				
Land improvements, water and sewer lines	2,054,908	9,116	100,132	2,164,156
Buildings	53,443	1,090	(3,026)	51,507
Equipment	84,566	5,554	(489)	89,631
Right-to-use land	52	-	-	52
Right-to-use building	-	164	-	164
Right-to-use equipment	327	-	-	327
Total capital assets being depreciated/amortized	2,193,296	15,924	96,617	2,305,837
Accumulated depreciation/amortization:				
Land improvements, water and sewer lines	(771,668)	(38,601)	-	(810,269)
Buildings	(36,875)	(660)	1,009	(36,526)
Equipment	(55,393)	(5,661)	2,216	(58,838)
Right-to-use land	-	(26)	-	(26)
Right-to-use equipment	-	(80)	-	(80)
	(863,936)	(45,028)	3,225	(905,739)
Capital assets being depreciated/amortized, net	1,329,360	(29,104)	99,842	1,400,098
Capital assets, net	$ 1,449,237	$ 68,510	$ (2,703)	$ 1,515,044

5. JOINT VENTURE

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

The Authority’s equity interest was $38,225 and $38,380 as of June 30, 2023 and 2022, respectively. The Authority’s other services and charges have been increased to reflect the change in equity interest by $1,205 and $953 for the years ended June 30, 2023 and 2022, respectively. The Authority contributed $1,050 and $1,623 to RMUA for capital improvements during the years ended June 30, 2023 and 2022, respectively.

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

6. PENSION PLAN

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

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

Contributions – The Contributions are set by City ordinance. Employees were required to contribute 7.5 percent for the period of January 1, 2021 to September 24, 2022, then 8 percent thereafter. The Authority was required to contribute 16.5 percent for the period of January 1, 2021 to September 24, 2022, and 17 percent thereafter. Actual charges to the Authority for pension plan contributions were $7,549 and $6,276 for the years ended June 30, 2023 and 2022, respectively.

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

At June 30, 2023 and 2022, the Authority reported $80,245 and $75,624, respectively, for its proportionate charged share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. Standard update procedures were used to roll forward the total pension liability to June 30, 2023. The Authority's charged proportion of the net pension liability was based on the Authority's share of charged contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2023 and 2022, the Authority's proportion was 28.6212 percent and 28.1346 percent, respectively.

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

6. PENSION PLAN, continued

For the years ended June 30, 2023 and 2022, the Authority recognized pension expense of $11,799 and $10,608, respectively. At June 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources					
	2023			2022		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Net difference between projected and actual plan earnings on pension plan investmen	$ 952	$ 811	$ 1,763	$ 2,693	$ 2,408	$ 5,101
Changes of assumptions	1,263	1,076	2,339	2,683	2,401	5,084
Differences between expected and actual plan experience	3,694	3,148	6,842	897	803	1,700
Changes in proportion and differences between the Authority's charges and proportionate share of charges	1,331	299	1,630	581	716	1,297
Total	$ 7,240	$ 5,334	$ 12,574	$ 6,854	$ 6,328	$ 13,182

	Deferred Inflows of Resources					
	2023			2022		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Changes of assumptions	$ 764	$ 651	$ 1,415	$ 1,068	$ 955	$ 2,023
Differences between expected and actual plan experience	13	11	24	53	48	101
Changes in proportion and differences between the Authority's charges and proportionate share of charges	625	612	1,237	934	596	1,530
Total	$ 1,402	$ 1,274	$ 2,676	$ 2,055	$ 1,599	$ 3,654

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

	Water Fund	Sewer Fund	Business-type Activities Total
Year ended June 30:			
2024	$ 2,210	$ 1,636	$ 3,846
2025	165	(174)	(9)
2026	3,801	2,886	6,687
2027	(338)	(288)	(626)
	$ 5,838	$ 4,060	$ 9,898

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

6. PENSION PLAN, continued

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on Pub-2010 mortality table. Mortality was projected generationally using Scale MP-2021 for the year 2010.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2022.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	20%	2.75%
Domestic equity	36%	6.00%
International equity	24%	4.50%
Real estate	12%	5.25%
Commodities an Timber	7%	4.50%
Cash	1%	0.50%
	100%	

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

6. PENSION PLAN, continued

Discount rate - The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the participating employers will be made as specified in the MERP funding policy. Beginning January 1, 2021 to September 24, 2022, the employer contribution rate will be 16.50 percent of payroll and 17 percent thereafter. Based on those assumptions, the MERP's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate. The discount rate in 2022 was 6.75 percent.

2023	**1% Decrease (5.75%)**	**Current Discount Rate (6.75%)**	**1% Increase (7.75%)**
Authority's proportionate share of the net pension liability	$ 109,881	$ 80,245	$ 55,506

2022	**1% Decrease (5.75%)**	**Current Discount Rate (6.75%)**	**1% Increase (7.75%)**
Authority's proportionate share of the net pension liability	$ 102,660	$ 75,624	$ 52,997

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

7. OTHER POSTEMPLOYMENT BENEFITS ("OPEB")

General Information about the OPEB Plan

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

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

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

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

At June 30, 2023, the Authority reported a liability of $2,039 for its proportionate charged share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022. Standard update procedures were used to roll forward the total OPEB liability to June 30, 2023. The total OPEB liability for June 30, 2022 was $2,065. The Authority's charged proportion of the total OPEB liability was based on the Authority's share of active employee participants relative to the active employees of all participating employers. At June 30, 2023 and 2022, the Authority's proportion was 36.3469 percent, and 36.1434 percent, respectively.

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

For the years ended June 30, 2023 and 2022, the Authority recognized OPEB expense of $2 and $361, respectively. At June 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources					
	2023			2022		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Changes of assumptions	$ 56	$ 49	$ 105	$ 82	$ 71	$ 153
Differences between expected and actual plan experience	185	161	346	173	151	324
Changes in proportion and differences between the Authority's charges and proportionate share of charges	22	23	45	23	30	53
Total	$ 263	$ 233	$ 496	$ 278	$ 252	$ 530

	Deferred Inflows of Resources					
	2023			2022		
	Water Fund	Sewer Fund	Business-type Activities Total	Water Fund	Sewer Fund	Business-type Activities Total
Changes of assumptions	$ 102	$ 89	$ 191	$ 123	$ 108	$ 231
Differences between expected and actual plan experience	84	73	157	118	103	221
Changes in proportion and differences between the Authority's charges and proportionate share of charges	3	12	15	9	17	26
Total	$ 189	$ 174	$ 363	$ 250	$ 228	$ 478

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

	Water Fund	Sewer Fund	Business-type Activities Total
Year ended June 30:			
2024	$ 45	$ 39	$ 84
2025	53	48	101
2026	(16)	(17)	(33)
2027	(8)	(11)	(19)
	$ 74	$ 59	$ 133

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.0%
Salary increases	4.13% to 10.5%, including 3.0% inflation and 1.0% productivity
Healthcare cost trend rate	7.5% for 2023, decreasing by 0.5% annually to an ultimate rate of 4.5%

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

Mortality rates for retirees were based on SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021. Surviving spouses mortality were based on SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021.

The actuarial assumptions used were based on the city's 2016 experience study that includes data from June 30, 2010 through June 30, 2016.

Discount Rate – The OPEB Plan is financed on a pay-as-you-go basis, thus a long-term rate of return was not used. The discount rate used to measure the total OPEB liability was 4.13 and 4.09 percent as of June 30, 2023 and 2022 respectively. The source of the discount rate used was the S&P Municipal Bond 20-Year High Grade Rate Index.

Sensitivity of the Authority's proportionate share of the total OPEB liability to changes in the discount rate – The following presents the Authority's proportionate share of the total OPEB liability calculated using the discount rate of 4.13 percent, as well as what the Authority's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate. The discount rate in 2022 was 4.09 percent.

2023	**1% Decrease (3.13%)**	**Current Discount Rate (4.13%)**	**1% Increase (5.13%)**
Authority's proportionate share of the total OPEB liability	$ 2,213	$ 2,039	$ 1,881

2022	**1% Decrease (3.09%)**	**Current Discount Rate (4.09%)**	**1% Increase (5.09%)**
Authority's proportionate share of the total OPEB liability	$ 2,238	$ 2,065	$ 1,908

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

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

2023	1% Decrease (6.5% decreasing to 3.5%)	Current Rate (7.5% decreasing to 4.5%)	1% Increase (8.5% decreasing to 5.5%)
Authority's proportionate share of the total OPEB liability	$ 1,837	$ 2,039	$ 2,271

2022	1% Decrease (6.5% decreasing to 3.5%)	Current Rate (7.5% decreasing to 4.5%)	1% Increase (8.5% decreasing to 5.5%)
Authority's proportionate share of the total OPEB liability	$ 1,862	$ 2,065	$ 2,302

8. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The City purchases commercial insurance for general liability and property damage as well as employee health and dental. The Authority is covered in the City's insurance policies and premium costs are passed on to the Authority through indirect cost allocation. The Authority is responsible for deductibles relating to specific claims pertaining to the Authority. There have been no significant reductions in insurance coverage during the year and there were no settlement amounts in excess of the insurance coverage in the current year or in the three prior years. The Authority also participates in the City's workers' compensation self-insurance program. The City retains all risk of loss for workers' compensation claims.

9. NONCURRENT LIABILITIES

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

Various bond indentures, loan agreements, and pledge and security agreements contain limitations and restrictions of debt service reserves and flow of monies through various restricted accounts (see additional information in Note 3). The Authority has pledged future water revenues, net of operating expenses and sewer revenues, net of operating expenses and net of amounts pledged for promissory note debt service, to repay $68,600 and $101,810 of outstanding Utility Revenue Bonds, respectively. The Utility Revenue Bonds are payable through 2042. Annual principal and interest payments on the bonds required 21 percent of net revenues, as defined above. The total principal and interest remaining to be paid on the bonds is $199,664. Principal and interest paid for the current year and water and sewer net revenues as described above for the current year were $25,501 and $122,515, respectively. The Authority utility revenue bonds are subject to acceleration if the Authority defaults.

On December 1, 2022, the Authority authorized the issuance of an amount not to exceed $36,000 of Utility Revenue Bonds. The proceeds of the bonds, when issued, will be used to construct a fertilizer production facility at the Haikey Creek Wastewater Treatment Plant.

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

9. NONCURRENT LIABILITIES, continued

Utility revenue bond payable activity for the year ended June 30, 2023 is as follows:

Series	Issue Amount	Maturity Date	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water:								
Refunding Series 2013	$ 61,280	2025	2.50-3.00%	$ 20,820	$ -	$ (4,900)	$ 15,920	$ 5,100
Series 2014	17,825	2034	3.00-3.50%	13,045	-	(735)	12,310	750
Refunding Series 2015	9,940	2027	2.00-3.00%	4,110	-	(795)	3,315	820
Series 2016A	16,565	2031	3.00-3.25%	10,985	-	(980)	10,005	1,000
Refunding Series 2017A	27,765	2030	3.00-3.125%	18,370	-	(1,940)	16,430	1,965
Refunding Series 2019A	18,705	2027	5.00%	12,700	-	(2,080)	10,620	2,120
				80,030	-	(11,430)	68,600	11,755
Sewer:								
Series 2016B	10,885	2036	2.00-3.50%	8,285	-	(460)	7,825	465
Refunding Series 2016C	34,810	2025	5.00%	18,020	-	(3,515)	14,505	3,585
Series 2018A	11,850	2038	3.125-3.250%	10,105	-	(460)	9,645	470
Series 2019B	12,430	2039	3.00%	11,010	-	(490)	10,520	500
Series 2020A	26,695	2031	1.0-2.00%	24,655	-	(2,065)	22,590	2,095
Series 2020B	24,770	2040	1.0-2.00%	23,755	-	(1,025)	22,730	1,030
Series 2022A	14,600	2042	3.00-3.125%	14,600	-	(605)	13,995	605
				110,430	-	(8,620)	101,810	8,750
Total utility revenue bonds				$ 190,460	$ -	$ (20,050)	$ 170,410	$ 20,505

Changes in other long-term liabilities for the year ended June 30, 2023 are summarized as:

Other long-term liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water storage lease	$ 2,484	$ -	$ (242)	$ 2,242	$ 250
Lease liability	438	-	(327)	111	55
Total OPEB liability	2,065	383	(409)	2,039	119
Compensated absences	4,939	3,614	(3,012)	5,541	3,613
Net pension liability	75,624	29,093	(24,472)	80,245	-
Total other long-term liabilities	$ 85,550	$ 33,090	$ (28,462)	$ 90,178	$ 4,037

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

9. NONCURRENT LIABILITIES, continued

Utility revenue bond payable activity for the year ended June 30, 2022 is as follows:

Series	Issue Amount	Maturity Date	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water:								
Refunding Series 2013	$ 61,280	2025	2.50-3.00%	$ 25,540	$ -	$ (4,720)	$ 20,820	$ 4,900
Series 2014	17,825	2034	3.00-3.50%	13,760	-	(715)	13,045	735
Refunding Series 2015	9,940	2027	2.00-3.00%	4,880	-	(770)	4,110	795
Series 2016A	16,565	2031	3.00-3.25%	11,950	-	(965)	10,985	980
Refunding Series 2017A	27,765	2030	3.00-3.125%	20,285	-	(1,915)	18,370	1,940
Refunding Series 2019A	18,705	2027	5.00%	14,740	-	(2,040)	12,700	2,080
				91,155	-	(11,125)	80,030	11,430
Sewer:								
Series 2016B	10,885	2036	2.00-3.50%	8,735	-	(450)	8,285	460
Refunding Series 2016C	34,810	2025	5.00%	21,475	-	(3,455)	18,020	3,515
Series 2018A	11,850	2038	3.125-3.250%	10,555	-	(450)	10,105	460
Series 2019B	12,430	2039	3.00%	11,490	-	(480)	11,010	490
Series 2020A	26,695	2031	1.0-2.00%	26,695	-	(2,040)	24,655	2,065
Series 2020B	24,770	2040	1.0-2.00%	24,770	-	(1,015)	23,755	1,025
Series 2022A	14,600	2042	3.00-3.125%	-	14,600	-	14,600	605
				103,720	14,600	(7,890)	110,430	8,620
Total utility revenue bonds				$ 194,875	$ 14,600	$ (19,015)	$ 190,460	$ 20,050

Changes in other long-term liabilities for the year ended June 30, 2022 are summarized as:

Other long-term liabilities	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Due Within One Year
Water storage lease	$ 2,720	$ -	$ (236)	$ 2,484	$ 242
Lease liability	379	164	(105)	438	159
Total OPEB liability	2,972	-	(907)	2,065	-
Compensated absences	4,687	2,705	(2,453)	4,939	2,977
Net pension liability	52,492	23,132	-	75,624	-
Total other long-term liabilities	$ 63,250	$ 26,001	$ (3,701)	$ 85,550	$ 3,378

9. NONCURRENT LIABILITIES, continued

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

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

The Authority has pledged future sewer revenue, net of operating expenses to repay $159,162 of promissory notes. The promissory notes are payable through 2041. Annual principal and interest payments on the promissory notes required 22 percent of net revenues. The total principal and interest remaining to be paid on the promissory notes is $190,097. Principal and interest paid for the current year and sewer net revenues for the current year were $18,379 and $83,316, respectively.

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

Promissory notes issued and outstanding under the SRF program were $207,853 and $116,302, respectively, as of June 30, 2023. The Authority had $6,251 available to be drawn as of June 30, 2023. Promissory notes outstanding under the FAP program were $42,860 as of June 30, 2023.

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

9. NONCURRENT LIABILITIES, continued

Promissory note payable activity for the year ended June 30, 2023 is as follows:

Promissory Notes and Maturity Dates	Loan Type	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Sewer:								
Series 2004B - 2023	SRF	$ 1,560	0.50%	$ 120	$ -	$ (80)	$ 40	$ 40
Series 2005B - 2027	SRF	7,900	3.10%	2,564	-	(434)	2,130	448
Series 2005C - 2025	SRF	1,203	0.50%	211	-	(60)	151	60
Series 2006A - 2027	SRF	3,130	3.10%	990	-	(167)	823	173
Series 2006C - 2029	SRF	17,825	3.10%	7,551	-	(908)	6,643	936
Series 2007A - 2026	SRF	5,131	0.50%	1,184	-	(263)	921	263
Series 2009A - 2032	SRF	11,320	3.22%	5,356	-	(567)	4,789	566
Series 2010A - 2032	SRF	27,757	2.89%	14,571	1	(1,388)	13,184	1,222
Series 2011A - 2033	SRF	23,213	3.11%	13,188	46	(1,174)	12,060	985
Series 2011C - 2034	SRF	16,700	2.55%	10,266	-	(740)	9,526	759
Series 2012A - 2034	SRF	4,347	2.43%	2,641	-	(218)	2,423	217
Series 2012B - 2032	FAP	11,355	3.145-3.395%	6,890	-	(540)	6,350	555
Series 2013A - 2035	SRF	9,850	2.24%	6,659	24	(518)	6,165	518
Series 2013B - 2033	FAP	27,605	4.156-5.145%	18,950	-	(1,200)	17,750	1,260
Series 2014A - 2035	SRF	2,886	2.58%	1,940	-	(146)	1,794	123
Series 2014B - 2033	FAP	10,180	3.145-4.06%	6,885	-	(480)	6,405	495
Series 2014C - 2034	FAP	17,735	4.145-5.145%	13,115	-	(760)	12,355	790
Series 2015A - 2038	SRF	28,330	2.46%	19,551	1,784	(1,417)	19,918	1,417
Series 2017A - 2040	SRF	21,725	2.26%	17,057	2,075	(1,086)	18,046	1,086
Series 2018A - 2041	SRF	14,350	2.53%	11,826	1,173	(718)	12,281	717
Series 2019A - 2041	SRF	10,626	2.32%	2,481	3,458	(531)	5,408	531
				$ 163,996	$ 8,561	$ (13,395)	$ 159,162	$ 13,161

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

9. NONCURRENT LIABILITIES, continued

Promissory note payable activity for the year ended June 30, 2022 is as follows:

Promissory Notes and Maturity Dates	Loan Type	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Sewer:								
Series 2002D - 2021	SRF	$ 6,813	0.50%	$ 175	$ -	$ (175)	$ -	$ -
Series 2004B - 2023	SRF	1,560	0.50%	200	-	(80)	120	80
Series 2005B - 2027	SRF	7,900	3.10%	2,985	-	(421)	2,564	434
Series 2005C - 2025	SRF	1,203	0.50%	271	-	(60)	211	60
Series 2006A - 2027	SRF	3,130	3.10%	1,153	-	(163)	990	168
Series 2006C - 2029	SRF	17,825	3.10%	8,431	-	(880)	7,551	908
Series 2007A - 2026	SRF	5,131	0.50%	1,447	-	(263)	1,184	263
Series 2009A - 2032	SRF	11,320	3.22%	5,678	244	(566)	5,356	566
Series 2010A - 2032	SRF	27,757	2.89%	15,959	-	(1,388)	14,571	1,388
Series 2011A - 2033	SRF	23,480	3.11%	13,757	605	(1,174)	13,188	1,174
Series 2011C - 2034	SRF	16,700	2.55%	10,987	-	(721)	10,266	740
Series 2012A - 2034	SRF	4,347	2.43%	2,550	308	(217)	2,641	217
Series 2012B - 2032	FAP	11,355	2.75-3.25%	7,415	-	(525)	6,890	540
Series 2013A - 2035	SRF	9,850	2.24%	5,327	1,850	(518)	6,659	518
Series 2013B - 2033	FAP	27,605	5.145%	20,095	-	(1,145)	18,950	1,200
Series 2014A - 2035	SRF	2,910	2.58%	2,085	-	(145)	1,940	146
Series 2014B - 2033	FAP	10,180	3.145-4.06%	7,350	-	(465)	6,885	480
Series 2014C - 2034	FAP	17,735	4.145-5.145%	13,845	-	(730)	13,115	760
Series 2015A - 2038	SRF	28,330	2.46%	14,891	6,077	(1,417)	19,551	1,417
Series 2017A - 2040	SRF	21,725	2.26%	13,603	4,540	(1,086)	17,057	1,086
Series 2018A - 2041	SRF	14,350	2.53%	1,215	11,329	(718)	11,826	718
Series 2019A - 2041	SRF	10,626	2.32%	300	2,447	(266)	2,481	531
				$ 149,719	$ 27,400	$ (13,123)	$ 163,996	$ 13,394

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

9. NONCURRENT LIABILITIES, continued

GENERAL LONG-TERM DEBT – General long-term debt of the Authority consists of general obligation bonds approved by the voters and issued by the City for water and wastewater capital assets. These bonds are required to be fully paid within 25 years from the date of issue and are backed by the full faith and credit of the City. The City's Charter requires not less than 50% of the annual principal and interest requirements on general obligation bonds issued for waterworks and wastewater be funded by water and wastewater revenues, respectively. General obligation bond activity during 2023 and 2022 was as follows:

2023

Bonds and Maturity Dates	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2013A- 2025	$ 8,534	2.50%	$ 1,808	$ -	$ (635)	$ 1,173	$ 616
Series 2014A- 2026	430	3.00%	138	-	(37)	101	36
Series 2015A- 2027	4,222	2.00-2.50%	1,600	-	(335)	1,265	328
			$ 3,546	$ -	$ (1,007)	$ 2,539	$ 980

2022

Bonds and Maturity Dates	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2013A- 2025	$ 8,534	2.50%	$ 2,461	-	$ (653)	$ 1,808	$ 634
Series 2014A- 2026	430	3.00%	176	-	(38)	138	37
Series 2015A- 2027	4,222	2.00-2.50%	1,943	-	(343)	1,600	336
Series 2017A- 2021	2,155	5.00%	728	-	(728)	-	-
			$ 5,308	$ -	$ (1,762)	$ 3,546	$ 1,007

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

	Revenue Bonds		Promissory Notes		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 20,505	$ 4,829	$ 13,161	$ 4,644	$ 980	$ 60
2025	21,065	4,183	13,375	4,413	911	37
2026	24,960	3,417	13,619	3,995	344	16
2027	14,340	2,805	13,764	3,576	304	8
2028	9,565	2,354	13,588	3,148	-	-
2029-2033	45,300	7,877	64,921	9,486	-	-
2034-2038	23,605	3,192	23,464	1,580	-	-
2039-2042	11,070	595	3,270	93	-	-
	$ 170,410	$ 29,254	$ 159,162	$ 30,935	$ 2,539	$ 121

24 percent of Water Fund net revenue was required for debt service on water revenue bonds for the year ended June 30, 2023; and 36 percent of Sewer Fund net revenue was required for debt service on sewer revenue bonds and promissory notes for the year ended June 30, 2023.

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

9. NONCURRENT LIABILITIES, continued

LEASE LIABILITY

Authority as Lessee

On December 2, 1984, the Authority entered a contract with the Department of the Army of the United States of America to utilize storage of the Oologah Lake as a source of a municipal and industrial water supply. Interest rates for the contract were determined by the Secretary of the Treasury. For the initial development stage, the interest rate is 2.5 percent, and for the ultimate development stage, it is 3.225 percent. There is an outlet works and four storage spaces referenced in the contract. Payment terms are annual. The outlet work and storage space one matured in 2012 and had an interest rate of 2.5 percent. The maturity date and interest rate for the remaining three storage spaces are 2031 and 3.225 percent, respectively. The contract includes annual operation and maintenance expenses. Upon expiration of the lease, with continued payment of annual operating costs, and costs allocated for reconstruction, rehabilitation or replacement of the outlet works, the Authority has a permanent right to use of the water supply storage space. The contract is accounted for as a finance purchase due to the permanent right to use the water supply storage space. The Authority has an intangible asset of $9,593 recorded as of June 30, 2023 and 2022. The lease payments are subject to a consumer price index adjustment.

The future lease payments under the lease are as follows:

	Principal	Interest	Operating Expense	Total
2024	$ 250	$ 72	$ 648	$ 970
2025	258	64	648	970
2026	267	56	648	971
2027	275	47	648	970
2028	284	38	648	970
2029-2031	908	59	1,943	2,910
	$ 2,242	$ 336	$ 5,183	$ 7,761

The Authority has also entered into various lease agreements in order to acquire the right to use certain buildings and land. The terms and conditions for these leases vary. Some leases are fixed, periodic payments over the lease term, which extend through 2025. At June 30, 2023, the Authority recognized a right-to-use asset of $109 and a lease liability of $111 related to these leases. During the fiscal year, the Authority recorded $88 in amortization and $7 in interest expense for the remaining right-to-use assets. At June 30, 2022, the Authority recognized a right-to-use asset of $437 and a lease liability of $438 related to these leases. During the prior fiscal year, the Authority recorded $106 in amortization expense and $6 in interest expense for the right-to-use assets.

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

9. NONCURRENT LIABILITIES, continued

The schedule below shows future annual payments for these leases:

	Principal	Interest	Total
2024	$ 55	$ 2	$ 57
2025	56	1	57
	$ 111	$ 3	$ 114

10. LEASES

Authority as Lessor

The Authority leases its capital assets, mostly the land space located at Lake Eucha and other locations, to tenants under various lease agreements. During the fiscal year, the Authority recognized $85 in lease revenue and $35 in interest income related to these leases. At June 30, 2023 and 2022, the Authority has a lease receivable for lease payments of $882 and $822 and an associated deferred inflow of $836 and $780, respectively. During the prior fiscal year, the Authority recognized $63 in lease revenue and $13 in interest income related to these leases.

The schedule below shows future expected lease receipts:

	Principal	Interest	Total
2024	$ 103	$ 24	$ 127
2025	79	16	95
2026	82	15	97
2027	86	13	99
2028	92	11	103
2029-2033	270	31	301
2034-2038	72	15	87
2039-2043	51	7	58
2044-2048	2	4	6
2049-2053	2	4	6
2054-2058	2	4	6
2059-2063	2	4	6
2064-2068	3	3	6
2069-2073	3	3	6
2074-2078	3	3	6
2079-2083	3	3	6
2084-2088	4	2	6
2089-2093	4	2	6
2094-2098	4	2	6
2099-2103	5	1	6
2104-2108	5	1	6
2109-2113	5	-	5
	$ 882	$ 168	$ 1,050

NOTES TO BASIC FINANCIAL STATEMENTS (In thousands of dollars)

11. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2023 and 2022, the Authority conducted the following transactions with related entities:

	2023	2022
Indirect cost paid to the City of Tulsa	$ 5,952	$ 5,889
Payment in lieu of taxes to the City of Tulsa	$ 19,468	$ 16,338
Capital contributions to the City of Tulsa	$ 102	$ 2,976
Capital contributions from the City of Tulsa	$ 58	$ -
Charges for utility services paid by the City of Tulsa	$ 1,609	$ 1,647
Charges for maintenance of equipment paid to the City of Tulsa	$ 5,286	$ 4,195

The Authority recorded accounts payable in the amount of $65 and $29 related to capital contributions due to RMUA at June 30, 2023 and 2022.

12. COMMITMENTS

As of June 30, 2023, the Authority had open commitments for construction projects of approximately $78,009.

13. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS

The GASB has issued several new accounting pronouncements which will be effective to the Authority in subsequent years. A description of the new accounting pronouncement which is expected to have an impact on the Authority, the fiscal year in which it is effective, and the Authority's consideration of the impact of the pronouncement effecting the Authority is described below:

GASB Statement No. 101 – *Compensated Absences***,** issued in June 2022, this Statement will be effective for the Authority beginning with its fiscal year ending June 30, 2025. The primary objective of this Statement is to provide guidance on the accounting and financial reporting requirements for (a) compensated absences and (b) associated salary-related payments, including certain defined contribution pensions and defined contribution other postemployment benefits (OPEB). The Authority's management has not yet determined the effect this statement will have on the Authority's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION (In thousands of dollars)

Municipal Employees' Retirement Plan
Schedule of the Authority's Proportionate Share – Last ten years

Year	Authority's proportion of net pension liability	Authority's proportionate share of net pension liability	Authority's covered payroll	Authority's proportionate share of net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of total pension liability
2023	28.62%	$ 80,245	$ 44,711	179.47%	67.16%
2022	28.13%	75,624	38,036	198.82%	66.62%
2021	29.03%	52,492	37,908	138.47%	76.92%
2020	27.91%	70,894	36,568	193.87%	65.22%
2019	27.80%	65,292	34,531	189.08%	66.91%
2018	27.94%	54,849	33,368	164.38%	70.61%
2017	28.53%	56,361	33,235	169.58%	69.39%
2016	28.03%	60,625	32,905	184.24%	65.62%
2015	28.17%	35,290	29,197	120.87%	77.13%
2014	27.53%	30,761	30,525	100.77%	79.29%

The amounts presented were determined as of year end.
* Information prior to 2014 is not available.
** Authority's proportionate share of the net pension liability and its covered payroll are for employees whose payroll costs were charged to the Authority.

Changes of assumptions: In 2016, amounts reported as changes of assumptions resulted primarily from changes in the mortality table and discount rate from 7.75% to 7.50%. In 2019 the inflation rate decreased from 3.00% to 2.50%, salary increases changed from 4.00%-11.75% to 3.50%-11.25%, and investment rate of return (and discount rate) decreased from 7.50% to 7.00%. In 2021, salary increases changed from 3.50%-11.25% to 3.50%-9.50% and investment rate of return (and discount rate) decreased from 7.00% to 6.75%, and the mortality table changed to the Pub-2010 General Employee. In 2022, the changes of assumptions consisted of an update of the mortality projection scale and the contingent survivor table. In 2023, the discount rate was updated from 4.09% to 4.13%.

REQUIRED SUPPLEMENTARY INFORMATION (In thousands of dollars)

Municipal Employees' Retirement Plan
Schedule of the Authority's Payments – Last ten years

Year	Required Contribution	Actual Contributions	Contribution Deficiency (Excess)	City's Covered Payroll funded by Authority payments	Contributions as a percentage of Covered Payroll
2023	$ 7,668	$ 7,549	$ (119)	$ 44,711	17.15%
2022	6,276	6,276	-	38,036	16.50%
2021	6,065	6,065	-	37,908	16.00%
2020	5,668	5,668	-	36,568	15.50%
2019	5,352	5,352	-	34,531	15.50%
2018	5,172	5,172	-	33,368	15.50%
2017	3,822	3,822	-	33,235	11.50%
2016	3,741	3,741	-	32,530	11.50%
2015	3,572	3,572	-	31,064	11.50%
2014	3,056	3,056	-	30,564	10.00%

REQUIRED SUPPLEMENTARY INFORMATION (In thousands of dollars)

Postemployment Benefits Other than Pensions Plan
Schedule of Proportionate Share – Last eight years

Year	Authority's proportion of total OPEB liability	Authority's proportionate share of total OPEB liability	Authority's covered payroll	Authority's proportionate share of total OPEB liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of total OPEB liability
2023	36.35%	$ 2,039	$ 40,729	5.0%	0.00%
2022	36.14%	2,065	40,501	5.1%	0.00%
2021	36.18%	2,972	38,511	7.7%	0.00%
2020	36.19%	2,997	40,027	7.5%	0.00%
2019	34.73%	2,130	37,152	5.7%	0.00%
2018	35.25%	2,225	36,610	6.1%	0.00%
2017	35.67%	2,010	37,133	5.4%	0.00%
2016	35.68%	2,147	36,061	6.0%	0.00%

* Information prior to 2016 is not available.
** Authority’s proportionate share of total OPEB liability and its covered payroll are for employees whose payroll costs were charged to the Authority.

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

2023	4.13%
2022	4.09%
2021	2.19%
2020	2.66%
2019	3.51%
2018	3.87%
2017	3.56%
2016	4.00%

REQUIRED SUPPLEMENTARY INFORMATION (In thousands of dollars)

Postemployment Benefits Other than Pensions Plan
Schedule of the Authority's Contributions – Last eight years

Year	Required Contribution	Actual Contributions	Contribution Deficiency (Excess)	City's Covered Payroll funded by Authority payments	Contributions as a percentage of Covered Payroll
2023	$ 119	$ 119	$ -	$ 40,729	0.29%
2022	122	122	-	40,501	0.30%
2021	178	178	-	38,511	0.46%
2020	121	121	-	40,027	0.30%
2019	161	161	-	37,152	0.43%
2018	71	71	-	36,610	0.19%
2017	440	440	-	37,133	1.18%
2016	284	284	-	36,061	0.79%

* Information prior to 2016 is not available.