

TULSA AUTHORITY FOR RECOVERY OF ENERGY
(A Component Unit of the City of Tulsa, Oklahoma)

FINANCIAL REPORT

June 30, 2025 and 2024

TULSA AUTHORITY FOR RECOVERY OF ENERGY

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

Index

Years Ended June 30, 2025 and 2024

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Independent Auditor's Report

Board of Trustees
Tulsa Authority for Recovery of Energy
Tulsa, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Tulsa Authority for Recovery of Energy (the "Authority"), a component unit that is a public trust organized under the laws of the State of Oklahoma of which the City of Tulsa, Oklahoma is the sole beneficiary, as of and for the year ended June 30, 2025, 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 present fairly, in all material respects, the financial position of the Authority as of June 30, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 9 to the basic financial statements, during the year ended June 30, 2025, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. Beginning net position has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Other Matter

The financial statements of the Tulsa Authority for Recovery of Energy for the year ended June 30, 2024 were audited by other auditors whose report dated November 13, 2024, expressed an unmodified opinion on those statements.

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 twelve months beyond the financial statement issuance 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 opinion. 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 and GAS 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 and GAS, 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, Municipal Employees' Retirement System plan schedules, and Postemployment Benefits Other than Pension Plan schedules 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 7, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 7, 2025

TULSA AUTHORITY FOR RECOVERY OF ENERGY

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

Management's Discussion and Analysis

Years Ended June 30, 2025 and 2024

As management of the Tulsa Authority for Recovery of Energy (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, 2025 and 2024. We encourage readers to consider the information presented here in conjunction with the Authority’s financial statements, which begin on page 8. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources at the close of the current year by \$28,720 (net position). Of this amount, \$9,676 is invested in capital assets and \$19,044 is unrestricted and may be used to meet the Authority’s ongoing obligations. The assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows at the close of 2024 by \$23,630, as restated.
- During 2025, the Authority’s net position increased by \$5,090 to \$28,720. During 2024, the Authority’s net position, as restated, increased by \$1,835 to \$23,630.
- The Authority’s operating revenues increased to \$39,308 in 2025 from \$35,582 in 2024, a 10.5% increase. In 2024, the Authority’s operating revenues increased from \$31,053 to \$35,582, a 14.6% increase.

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 a system of collection, transportation, and disposal of solid waste within, around, and for the City.

This discussion and analysis is intended to serve as an introduction to the Authority’s basic financial statements. The basic financial statements include: 1) Statement of Net Position, 2) Statement of Revenues, Expenses, and Changes in Net Position, 3) Statement of Cash Flows, and 4) Notes to the Financial Statements.

Financial Statements

The financial statements of the Authority report information using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position includes all of the Authority’s assets, liabilities and deferred outflows/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 on cash receipts, cash payments, and changes in cash resulting from operating, investing, and financing activities, and provides answers to such questions as where cash came from, what was cash used for, and what was the change in cash balance during the period.

TULSA AUTHORITY FOR RECOVERY OF ENERGY

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

Management's Discussion and Analysis, continued

Years Ended June 30, 2025 and 2024

Net Position

The Authority's net position increased \$5,090 or 21.5%, to \$28,720 at June 30, 2025. During 2024, the Authority's net position increased \$1,835 to \$23,630, as restated. The following table provides a summary of net position.

SUMMARY OF NET POSITION

	2025	2024 (as restated)	2023 (as restated)
Current and other assets	\$ 28,532	\$ 24,250	\$ 25,949
Capital assets, net	9,676	8,398	5,446
 Total assets	 38,208	 32,648	 31,395
Deferred outflows of resources	296	469	927
 Current liabilities	 3,688	 2,535	 2,973
Noncurrent liabilities	5,397	6,635	7,287
 Total liabilities	 9,085	 9,170	 10,260
Deferred inflows of resources	699	317	267
 Investment in capital assets	 9,676	 8,398	 5,446
Unrestricted	19,044	15,232	16,349
 Total net position	 \$ 28,720	 \$ 23,630	 \$ 21,795

In 2025, current and other assets increased \$4,282, or 17.7%, primarily due to an increase in cash and cash equivalents of \$3,940. Capital assets, net of depreciation, increased over the prior year by \$1,278, or 15.2%. This was the result of the purchase and retirement of certain equipment and current year depreciation of \$1,125. Current liabilities increased by \$1,153, or 45.5%, due to an increase in accounts payable of \$750 and compensated absences of \$402. Noncurrent liabilities decreased \$1,238 or 18.7%. Net pension liability decreased by \$923, compensated absences decreased by \$304, and Other Postemployment Benefits (OPEB) liability decreased by \$11.

In 2024, current and other assets decreased \$1,699, or 6.5%, primarily due to a decrease in cash and cash equivalents of \$2,171 partially offset by an increase in refuse billings receivable of \$560. Capital assets, net of depreciation, increased over the prior year by \$2,952, or 54.2%. This was the result of the purchase and retirement of certain equipment and current year depreciation of \$927. Current liabilities decreased by \$438, or 14.7%, due to a decrease in accounts payable of \$652 offset by an increase in compensated absences of \$214. Noncurrent liabilities decreased by \$652 or 8.9%. Net pension liability decreased by \$460, compensated absences decreased by \$179, and Other Postemployment Benefits (OPEB) liability decreased by \$13.

TULSA AUTHORITY FOR RECOVERY OF ENERGY
(A Component Unit of the City of Tulsa, Oklahoma)
Management's Discussion and Analysis, continued
Years Ended June 30, 2025 and 2024

SUMMARY OF CHANGES IN NET POSITION

	2025	2024 (as restated)	2023 (as restated)
Operating revenues	\$ 39,308	\$ 35,582	\$ 31,053
Investment income	1,099	1,181	203
Interest revenue related to leases	-	-	2
Gain on sale of capital assets	84	89	26
Grant revenue	-	2	-
 Total revenues	 40,491	 36,854	 31,284
 Depreciation expense	 1,125	 927	 1,024
Other operating expense	31,769	31,743	29,210
Nonoperating expense	2,600	2,349	2,052
 Total expenses	 35,494	 35,019	 32,286
 Income (loss) before contributions	 4,997	 1,835	 (1,002)
 Capital contributions	 93	 -	 -
 Change in net position	 5,090	 1,835	 (1,002)
Net position, beginning of year	23,630	21,795	22,797
 Net position, end of year	 \$ 28,720	 \$ 23,630	 \$ 21,795

In 2025, revenues increased \$3,637, or 9.9%, due primarily to an increase in operating revenues of \$3,726, mainly driven by a 9% rate increase in October 2024.

In 2024, revenues increased \$5,570, or 17.8%, due primarily to an increase in operating revenues of \$4,529, mainly driven by a 16% rate increase in October 2023.

In 2025, total expenses increased to \$35,494. This represents an increase of 1.4%, or \$475, due primarily to an increase in nonoperating expenses of \$251. Net position increased by \$5,090.

In 2024, total expenses increased to \$35,019. This represents an increase of 8.5%, or \$2,733, due primarily to an increase in other operating expenses and refuse collection of \$2,083 and \$449, respectively. Net position, as restated, increased by \$1,835.

TULSA AUTHORITY FOR RECOVERY OF ENERGY

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

Management's Discussion and Analysis, continued

Years Ended June 30, 2025 and 2024

Capital Assets

The Authority's investment in capital assets as of June 30, 2025 was \$9,676 (net of accumulated depreciation). This investment in capital assets includes construction in progress, land improvements, buildings and equipment. Capital asset acquisitions during the year totaled \$2,586.

CAPITAL ASSETS

	2025	2024	2023
Land	\$ 700	\$ 700	\$ 700
Construction in progress	112	48	39
Land improvements	699	614	562
Buildings	965	965	965
Equipment	<u>26,321</u>	<u>25,890</u>	<u>22,403</u>
	28,797	28,217	24,669
Less accumulated depreciation	<u>(19,121)</u>	<u>(19,819)</u>	<u>(19,223)</u>
Capital assets, net	<u>\$ 9,676</u>	<u>\$ 8,398</u>	<u>\$ 5,446</u>

Economic Factors and Next Year's Budget and Rates

At the national level, unemployment remained 4.1% at June 30, 2025 compared to 4.1% at June 30, 2024. Unemployment in the Tulsa Metro was 3.3% at the end of fiscal year 2025 compared to 3.7% at the end of fiscal year 2024. The Authority continues to have consistent accounts receivable collections.

In setting its 2026 operating budget, the Authority considered many factors which impact the Authority's operations and delivery of services. The 2026 budgeted outlays are expected to increase approximately 4.79%, and revenues are expected to increase 10.07%.

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 City of Tulsa, Office of the Controller, 175 E. Second Street, Suite 1570, Tulsa, Oklahoma 74103.

TULSA AUTHORITY FOR RECOVERY OF ENERGY

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

Statements of Net Position

June 30, 2025 and 2024

(Amounts expressed in thousands)	2024	
	2025	(as restated)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23,747	\$ 19,807
Accounts receivable, net	4,614	4,354
Inventories	-	2
Interest receivable	171	87
Total current assets	<u>28,532</u>	<u>24,250</u>
Noncurrent assets:		
Nondepreciable capital assets	812	748
Depreciable capital assets, net	<u>8,864</u>	<u>7,650</u>
Total noncurrent assets	<u>9,676</u>	<u>8,398</u>
Total assets	<u>38,208</u>	<u>32,648</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts	286	442
Other postemployment benefits related amounts	<u>10</u>	<u>27</u>
Total deferred outflows of resources	<u>296</u>	<u>469</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued payroll	2,859	2,109
Compensated absences	818	416
OPEB liability	<u>11</u>	<u>10</u>
Total current liabilities	<u>3,688</u>	<u>2,535</u>
Noncurrent liabilities:		
Compensated absences	200	504
Net pension liability	<u>5,053</u>	<u>5,976</u>
OPEB liability	<u>144</u>	<u>155</u>
Total noncurrent liabilities	<u>5,397</u>	<u>6,635</u>
Total liabilities	<u>9,085</u>	<u>9,170</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related amounts	658	273
Other postemployment benefits related amounts	<u>41</u>	<u>44</u>
Total deferred inflows of resources	<u>699</u>	<u>317</u>
NET POSITION		
Investment in capital assets	9,676	8,398
Unrestricted	<u>19,044</u>	<u>15,232</u>
Total net position	<u>\$ 28,720</u>	<u>\$ 23,630</u>

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

TULSA AUTHORITY FOR RECOVERY OF ENERGY

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

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2025 and 2024

(Amounts expressed in thousands)

	<u>2025</u>	<u>2024 (as restated)</u>
Operating revenues:		
Refuse services	\$ 39,308	\$ 35,582
Total operating revenues	<u>39,308</u>	<u>35,582</u>
Operating expenses:		
Refuse collection	15,223	14,476
Personnel services	6,052	6,045
Other operating expenses	10,494	11,222
Depreciation	<u>1,125</u>	<u>927</u>
Total operating expenses	<u>32,894</u>	<u>32,670</u>
Operating income	<u>6,414</u>	<u>2,912</u>
Nonoperating revenue (expense):		
Investment income	1,099	1,181
Grant revenue	-	2
Payments in lieu of taxes to primary government	(2,600)	(2,340)
Loss on lease termination	-	(9)
Gain on disposal of assets	<u>84</u>	<u>89</u>
Net nonoperating expense	<u>(1,417)</u>	<u>(1,077)</u>
Gain before contributions	4,997	1,835
Capital contributions	<u>93</u>	<u>-</u>
Change in net position	5,090	1,835
Net position, beginning of year, as restated	<u>23,630</u>	<u>21,795</u>
Net position, end of year	<u>\$ 28,720</u>	<u>\$ 23,630</u>

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

TULSA AUTHORITY FOR RECOVERY OF ENERGY

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

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

(Amounts expressed in thousands)

	<u>2025</u>	<u>2024 (as restated)</u>
Cash flows from operating activities:		
Received from customers	\$ 39,048	\$ 35,024
Payments to suppliers for goods and services	(24,997)	(26,288)
Payments to employees for services	<u>(6,301)</u>	<u>(5,946)</u>
Net cash provided by operating activities	<u>7,750</u>	<u>2,790</u>
Cash flows used by noncapital financing activities:		
FEMA grant receipts	-	2
Payments in lieu of taxes to primary government	<u>(2,600)</u>	<u>(2,340)</u>
Net cash used by noncapital financing activities	<u>(2,600)</u>	<u>(2,338)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(2,586)	(3,880)
Capital assets transferred to the City of Tulsa	93	-
Proceeds from sale of capital assets	<u>268</u>	<u>89</u>
Net cash used by capital and related financing activities	<u>(2,225)</u>	<u>(3,791)</u>
Cash flows from investing activities:		
Interest received	<u>1,015</u>	<u>1,168</u>
Net change in cash and cash equivalents	3,940	(2,171)
Cash and cash equivalents, beginning of year	<u>19,807</u>	<u>21,978</u>
Cash and cash equivalents, end of year	<u>\$ 23,747</u>	<u>\$ 19,807</u>

(Continued)

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

TULSA AUTHORITY FOR RECOVERY OF ENERGY

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

Statement of Cash Flows, continued**Years Ended June 30, 2025 and 2024**

(Amounts expressed in thousands)

	2025	2024
		(as restated)
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 6,414	\$ 2,912
Adjustments:		
Depreciation	1,125	927
Change in receivables	(260)	(558)
Change in accounts payable and accrued payroll	749	(652)
Change in inventories	2	-
Change in other postemployment benefits related amounts	4	3
Change in compensated absences	98	35
Change in pension related amounts	<u>(382)</u>	<u>123</u>
Net cash provided by operating activities	<u>\$ 7,750</u>	<u>\$ 2,790</u>

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

TULSA AUTHORITY FOR RECOVERY OF ENERGY

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

Notes to Basic Financial Statements (in thousands of dollars)

June 30, 2025 and 2024

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

NATURE OF BUSINESS AND REPORTING ENTITY – The Tulsa Authority for Recovery of Energy (the “Authority”) was created on November 11, 1977, for the benefit of the City of Tulsa (the “City”), to provide for the collection, removal, transportation, and disposal of solid waste within, around, and for the City. Trustees for the Authority include the Mayor of the City and six individuals appointed by the Mayor and confirmed by the City Council. The Authority is included as a discretely presented component unit in the City’s Annual Comprehensive Financial Report.

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.

BASIS OF ACCOUNTING – 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 GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. All amounts are expressed in thousands unless otherwise noted.

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

TULSA AUTHORITY FOR RECOVERY OF ENERGY
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued (in thousands of dollars)
June 30, 2025 and 2024

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

CASH AND CASH EQUIVALENTS – Cash and cash equivalent balances are held within the City's pooled portfolio. The Authority's cash and cash equivalents are recorded at the net asset value of their position in the City's pooled portfolio.

The Authority is allocated interest monthly based on its 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 by 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.

ACCOUNTS RECEIVABLE – This generally consists of amounts receivable from customers within and around the Tulsa metropolitan area for residential municipal waste collection and disposal and commercial municipal solid waste disposal. Refuse services receivables include amounts for services provided but not billed to customers at year end of approximately \$1,614 and \$1,546 at June 30, 2025 and 2024, respectively.

Refuse services revenues are reported net of uncollectible amounts related to refuse services. Total uncollectible amounts related to refuse services were approximately \$498 and \$244 as of June 30, 2025 and 2024, respectively.

CAPITAL ASSETS – Capital assets purchased or acquired at an initial cost of \$5 or more and have a useful life of more than 1 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. Capital assets sold or disposed have their cost and related accumulated depreciation removed from the records. Any gain or loss is recorded as nonoperating income in the period of sale or disposal.

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

Land Improvements	25 years
Buildings	20-50 years
Equipment	5-20 years

REFUSE COLLECTION – Refuse collection, curbside recycling, and green waste collection expenses for residential customers are determined on the basis of average "head count" (i.e., the number of customers) by type of service each month. This procedure is in accordance with the terms and conditions of the contract between the Authority and Northeast Waste Solutions, LLC.

TULSA AUTHORITY FOR RECOVERY OF ENERGY
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued (in thousands of dollars)
June 30, 2025 and 2024

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

INCOME TAXES – As a political subdivision, the Authority is exempt from federal income taxes under Section 115(1) of the Internal Revenue Code.

COMPENSATED ABSENCES – Vacation, sick, and floating holiday leave is granted to all regular and part-time employees. The City's policy permits employees to accumulate earned but unused vacation and sick benefits while floating holiday leave terminates at the end of the calendar year. The annual amount of vacation time accrued 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. Vacation leave is paid out upon termination. The liability for vacation leave is measured using the employee's pay rate as of the fiscal year end. The liability for sick leave is attributable to services already rendered, accumulates, and more likely to be used for time off or otherwise paid in cash or settled through non-cash means. The liability for the floating holiday leave is attributable to services already rendered and more likely to be used for time off prior to the end of the calendar year. The liability for certain types of compensated absences such as parental leave, military leave and jury duty is recognized if the leave has commenced prior to the fiscal year end.

PENSIONS – 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.

POSTEMPLOYMENT 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.

DEFERRED OUTFLOW/INFLOW OF RESOURCES – Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be reported as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The Authority records deferred outflows of resources and deferred inflows of resources related to their participation in MERP and OPEB.

TULSA AUTHORITY FOR RECOVERY OF ENERGY
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued (in thousands of dollars)
June 30, 2025 and 2024

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

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

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

2. CASH DEPOSITS AND CASH EQUIVALENTS

Cash deposits of the Authority are maintained within the City's pooled portfolio. The City's pooled portfolio consists primarily of time deposits and other securities guaranteed by the United States Government or its agencies. At June 30, 2025 and 2024, the Authority maintained balances of \$23,747 and \$19,807, respectively, in the City's pooled portfolio which represented 1.57% and 1.45%, respectively, of the City's pooled portfolio.

The City's pooled portfolio is collateralized by securities held by the City or its agent in the City's name as of June 30, 2025 and 2024.

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

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3. CAPITAL ASSETS

Changes in capital assets are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
2025				
Nondepreciable capital assets:				
Land	\$ 700	\$ -	\$ -	\$ 700
Construction in progress	48	112	(48)	112
	<u>748</u>	<u>112</u>	<u>(48)</u>	<u>812</u>
Total nondepreciable capital assets				
Depreciable capital assets:				
Land improvements	614	85	-	699
Buildings	965	-	-	965
Equipment	25,890	2,438	(2,007)	26,321
	<u>27,469</u>	<u>2,523</u>	<u>(2,007)</u>	<u>27,985</u>
Less accumulated depreciation:				
Land improvements	(121)	(26)	-	(147)
Buildings	(736)	(13)	-	(749)
Equipment	(18,962)	(1,086)	1,823	(18,225)
	<u>(19,819)</u>	<u>(1,125)</u>	<u>1,823</u>	<u>(19,121)</u>
Total accumulated depreciation				
Depreciable capital assets, net	7,650	1,398	(184)	8,864
Capital assets, net	<u>\$ 8,398</u>	<u>\$ 1,510</u>	<u>\$ (232)</u>	<u>\$ 9,676</u>
2024				
Nondepreciable capital assets:				
Land	\$ 700	\$ -	\$ -	\$ 700
Construction in progress	39	48	(39)	48
	<u>739</u>	<u>48</u>	<u>(39)</u>	<u>748</u>
Depreciable capital assets:				
Land improvements	562	52	-	614
Buildings	965	-	-	965
Equipment	22,403	3,819	(332)	25,890
	<u>23,930</u>	<u>3,871</u>	<u>(332)</u>	<u>27,469</u>
Less accumulated depreciation:				
Land improvements	(98)	(23)	-	(121)
Buildings	(723)	(13)	-	(736)
Equipment	(18,402)	(892)	332	(18,962)
	<u>(19,223)</u>	<u>(928)</u>	<u>332</u>	<u>(19,819)</u>
Total accumulated depreciation				
Depreciable capital assets, net	4,707	2,943	-	7,650
Capital assets, net	<u>\$ 5,446</u>	<u>\$ 2,991</u>	<u>\$ (39)</u>	<u>\$ 8,398</u>

The Authority also has use of land at no cost that belongs to the City.

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4. LONG-TERM LIABILITIES

The changes in long-term liabilities for the years ended June 30, 2025 and 2024 are summarized as follows:

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance	Due within One Year
2025:					
Long-term liabilities:					
Vested compensated absences	\$ 920	\$ 182	\$ 84	\$ 1,018	\$ 818
Net pension liability	5,976	1,945	2,868	5,053	-
Total OPEB liability	<u>165</u>	<u>13</u>	<u>23</u>	<u>155</u>	<u>11</u>
 Total other long-term liabilities	 <u>\$ 7,061</u>	 <u>\$ 2,140</u>	 <u>\$ 2,975</u>	 <u>\$ 6,226</u>	 <u>\$ 829</u>

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance	Due within One Year
2024:					
Long-term liabilities:					
Vested compensated absences	\$ 885	\$ 196	\$ 161	\$ 920	\$ 416
Net pension liability	6,436	1,899	2,359	5,976	-
Total OPEB liability	<u>178</u>	<u>18</u>	<u>31</u>	<u>165</u>	<u>10</u>
 Total other long-term liabilities	 <u>\$ 7,499</u>	 <u>\$ 2,113</u>	 <u>\$ 2,551</u>	 <u>\$ 7,061</u>	 <u>\$ 426</u>

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5. PENSION PLAN

Plan Description – Employees of the Authority 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 provides retirement, disability and death benefits which 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. The report may be obtained by writing to the City of Tulsa, Office of the 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% per year prior to age 65. Employees entering the plan on or after July 1, 2018 are eligible for full retirement at age 65, with 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% 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% of the member’s accrued benefit determined based on final average earnings and service as of the date of death.

Contributions – Contributions are set per City ordinance. Employees were required to contribute 8% of their pensionable wages. The Authority was required to contribute 17% of pensionable wages. Actual contributions to the pension plan from MERP were \$713 and \$662 for the years ended June 30, 2025 and 2024, respectively.

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5. PENSION PLAN, continued

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

At June 30, 2025, the Authority reported a liability of \$5,053 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025. Standard update procedures were used to roll forward the total pension liability to June 30, 2025. The liability for June 30, 2024 was \$5,976. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2025 and 2024, the Authority's proportion was 2.3360% and 2.3264%, respectively.

For the year ended June 30, 2025, the Authority recognized pension expense of \$331 and for the year ended June 30, 2024, pension expense of \$786. At June 30, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	De ferred Outflows of Resources	De ferred Inflows of Resources
2025:		
Differences between expected and actual plan experience	\$ 231	\$ -
Changes of assumptions	-	11
Net difference between projected and actual earnings on pension plan investments	-	643
Changes in proportion and differences between Authority's contributions and proportionate share of contributions	55	4
Total	\$ 286	\$ 658
2024:		
Differences between expected and actual plan experience	\$ 385	\$ -
Changes of assumptions	-	63
Net difference between projected and actual earnings on pension plan investments	-	198
Changes in proportion and differences between Authority's contributions and proportionate share of contributions	57	12
Total	\$ 442	\$ 273

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5. PENSION PLAN, continued

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

<u>Year</u>	
2026	\$ 312
2027	(268)
2028	(246)
2029	<u>(170)</u>
	<u>\$ (372)</u>

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of January 1, 2025, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50 percent
Salary increases	3.50 to 9.50 percent, including inflation.
Investment rate of return	6.75 percent compounded annually, net of investment expense and including inflation

Mortality rates were based on Pub-2010 General Employee Mortality Table, projected with the ultimate rates of scale MP-2021 for the year 2010.

The actuarial assumptions used in the January 1, 2025 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2020.

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

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5. PENSION PLAN, continued

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20.0%	2.75%
Domestic equity	37.5%	6.00%
International equity	24.0%	4.50%
Real estate	12.0%	5.25%
Commodities and timber	5.5%	4.50%
Cash	1.0%	0.50%
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. 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 MERP's funding policy. The employer contribution rate was 17%. Based on those assumptions, 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 position liability calculated using the discount rate of 6.75%, 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%) or 1-percentage-point higher (7.75%) than the current rate.

2025	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Authority's proportionate share of the net pension liability	\$ 7,627	\$ 5,053	\$ 2,906
2024	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Authority's proportionate share of the net pension liability	\$ 8,458	\$ 5,976	\$ 3,905

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the City's Annual Comprehensive Financial Report, which can be located at www.cityoftulsa.org.

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6. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

Plan Description – The Authority provides postemployment health care benefits (OPEB) for retired employees and their dependents through participation in the City of Tulsa Postretirement Medical Plan (the “Plan”), a cost-sharing multiple-employer defined benefit health care plan. The benefits, coverage levels, employee contributions, and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. 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. Benefits include general inpatient and outpatient medical services and prescriptions. Employees hired prior to July 1, 2018 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. Employees hired on or after July 1, 2018 are eligible for membership in the plan if they retire from the City on or after age 60 with 5 years of service or with age and service totaling 90 points. Coverage ceases upon eligibility of the member for Medicare. Spousal eligibility is the same timeframe as the employee. Surviving spouses are not eligible to continue coverage after the death of the retiree or active employee eligible to retire. Spousal coverage ends at the earlier of their or their spouse’s (the retiree’s) attainment of age 65. Spouses of employees eligible for benefits and who die in active service can receive coverage.

Contributions – Contribution rates are set 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, 2025, the Authority reported a liability of \$155 for its proportionate share of the OPEB liability. The total OPEB liability was measured as of June 30, 2025 and was determined by an actuarial valuation as of January 1, 2025. Standard update procedures were used to roll forward the total OPEB liability to June 30, 2025. The total OPEB liability for June 30, 2024 was \$165. The Authority’s 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, 2025 and 2024, the Authority’s proportion was 3.2258% and 3.2389%, respectively.

For the years ended June 30, 2025 and 2024, the Authority recognized OPEB expense of \$13 and \$15, respectively.

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6. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

At June 30, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2025:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual		
plan experience	\$ 6	\$ 5
Changes of assumptions	2	32
Changes in proportion and differences between Authority's contributions and proportionate share of contributions	2	4
Total	<u>\$ 10</u>	<u>\$ 41</u>

2024:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual		
plan experience	\$ 19	\$ 8
Changes of assumptions	5	30
Changes in proportion and differences between Authority's contributions and proportionate share of contributions	3	6
Total	<u>\$ 27</u>	<u>\$ 44</u>

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 (active and retirees) as follows:

Year
2026
\$ (10)
2027
(8)
2028
(5)
2029
(6)
Thereafter
<u>(2)</u>
<u><u>\$ (31)</u></u>

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6. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of January 1, 2025, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation rate	2.5%
Current year healthcare cost trend rate	6.5%
Annual reduction of healthcare cost trend	0.1% - 0.6%
Ultimate annual healthcare cost trend rate	4.0%

Twenty-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 in the January 1, 2025 valuation were based on the City's 2024 experience study that includes data from January 1, 2019 through February 29, 2024.

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 5.2 and 4.21% as of June 30, 2025 and 2024, respectively. The source of the discount rate used was the S&P Municipal Bond 20-Year High Grade Rate Index.

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6. OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

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 5.2%, 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 (4.2%) or 1-percentage-point higher (6.2%) than the current rate. The discount rate in 2024 was 4.21%.

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
2025			
Authority's proportionate share of the total OPEB liability	\$ 167	\$ 155	\$ 144
	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
2024			
Authority's proportionate share of the total OPEB liability	\$ 178	\$ 165	\$ 152

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 6.5% decreasing to 4.0%, 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 (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	1% Decrease (5.5% decreasing to 3.0%)	Current Rate (6.5% decreasing to 4.0%)	1% Increase (7.5% decreasing to 5.0%)
2025			
Authority's proportionate share of the total OPEB liability	\$ 140	\$ 155	\$ 172
	1% Decrease (5.5% decreasing to 3.0%)	Current Rate (6.5% decreasing to 4.0%)	1% Increase (7.5% decreasing to 5.0%)
2024			
Authority's proportionate share of the total OPEB liability	\$ 149	\$ 165	\$ 182

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7. 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 included 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.

8. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2025 and 2024, the Authority conducted the following transactions with related parties:

	2025	2024
Payments in lieu of taxes to City of Tulsa	\$ 2,600	\$ 2,340
Insurance and indirect cost reimbursement to City of Tulsa	\$ 1,321	\$ 1,148
Refuse service revenue from City of Tulsa	\$ 310	\$ 245
Charges paid to City of Tulsa for fuel and equipment maintenance	\$ 1,378	\$ 1,479

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9. RESTATEMENT

The Authority adopted GASB Statement No. 101, Compensated Absences, in the current year. The statement replaces the requirements of GASB Statement No. 16, Accounting for Compensated Absences. This Statement provides updated guidance on the recognition and measurement of compensated absences and associated salary-related payments. The restatement impacts the compensated absences liability reported on the Statement of Net Position, primarily due to the change from the "probable" threshold to the "more likely than not" threshold for recognizing liabilities related to sick leave and other types of leave. The effect of the restatement on prior period financial statements is as follows:

	2024		2024	
	Previously Presented	Restatement	Restated	
Current portion of absences liability:	\$ 342	\$ 74	\$ 416	
Noncurrent compensated absences liability:	192	312	504	
Net Position, unrestricted	15,618	(386)	15,232	
Personnel services expense	6,012	33	6,045	
Change in net position	1,868	(33)	1,835	
Net position, beginning of year	22,148	(353)	21,795	

10. 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 affecting the Authority is described below:

GASB Statement No. 103 - *Financial Reporting Model Improvements*, issued in April 2024, this Statement will be effective for the Authority beginning with its fiscal year ending June 30, 2026. This Statement will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues.

TULSA AUTHORITY FOR RECOVERY OF ENERGY

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Required Supplementary Information (in thousands of dollars)

June 30, 2025

Municipal Employees' Retirement Plan

Schedule of 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
2025	2.3360%	\$ 5,053	\$ 4,196	120%	76.19%
2024	2.3264%	5,976	3,893	154%	70.81%
2023	2.2957%	6,436	3,586	179%	67.16%
2022	2.3007%	6,184	3,110	199%	66.62%
2021	2.3102%	4,178	3,017	138%	76.92%
2020	2.2902%	5,816	3,000	194%	65.22%
2019	2.2910%	5,380	2,845	189%	66.91%
2018	2.3229%	4,560	2,774	164%	70.61%
2017	2.3177%	4,579	2,700	170%	69.39%
2016	2.3555%	5,095	2,766	184%	65.62%

** 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 a range of 4.00% to 11.75% to a range of 3.50% to 11.25%, and investment rate of return (and discount rate) decreased from 7.50% to 7.00%. In 2021, salary increases changed from a range of 3.50% to 11.25% to a range of 3.50% to 9.50% and investment rate of return (and discount rate) decreased from 7.00% to 6.75%. In 2022, the changes of assumptions consisted of an update of the mortality projection scale and the contingent survivor table.

Municipal Employees' Retirement Plan

Schedule of Employer Contributions - Last ten years

Year	Contractually Required Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2025	\$ 713	\$ 713	\$ -	\$ 4,196	17.00%
2024	668	662	(6)	3,893	17.00%
2023	615	606	(10)	3,586	16.88%
2022	513	513	-	3,110	16.50%
2021	483	483	-	3,017	16.00%
2020	465	465	-	3,000	15.50%
2019	438	441	(3)	2,845	15.50%
2018	429	432	(3)	2,786	15.50%
2017	322	322	-	2,800	11.50%
2016	312	312	-	2,712	11.50%

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Required Supplementary Information, continued (in thousands of dollars)
June 30, 2025

Postemployment Benefits Other than Pensions Plan
Schedule of Proportionate Share - Last ten years

Year	Authority's proportion of Postemployment Benefits Other than Pension Plans	Authority's proportionate share of postemployment benefits other than pension plans	Authority's covered payroll	Authority's proportionate share of postemployment benefits other than pension plans as a percentage of its covered payroll	Plan fiduciary net position as a percentage of total
2025	3.2258%	\$ 155	\$ 5,345	2.9%	0.00%
2024	3.2389%	165	3,929	4.2%	0.00%
2023	3.1666%	178	4,450	4.0%	0.00%
2022	3.2307%	185	3,627	5.1%	0.00%
2021	3.3021%	271	3,519	7.7%	0.00%
2020	3.3333%	276	3,680	7.5%	0.00%
2019	3.3997%	209	3,658	5.7%	0.00%
2018	3.4233%	216	3,541	6.1%	0.00%
2017	3.1996%	180	3,333	5.4%	0.00%
2016	3.2614%	196	3,267	6.0%	0.00%

** Authority's proportionate share of the 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:

2025	2.90%
2024	4.21%
2023	4.13%
2022	4.09%
2021	2.19%
2020	2.66%
2019	3.51%
2018	3.87%
2017	3.56%
2016	4.00%

Postemployment Benefits Other than Pensions Plan
Schedule of Employer Contributions - Last ten years

Year	Contractually Required Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2025	\$ 10	\$ 10	\$ -	\$ 5,345	0.19%
2024	10	10	-	3,929	0.25%
2023	10	10	-	4,450	0.22%
2022	11	11	-	3,627	0.30%
2021	16	16	-	3,519	0.45%
2020	11	11	-	3,680	0.30%
2019	16	16	-	3,658	0.44%
2018	7	7	-	3,541	0.20%
2017	39	39	-	3,333	1.17%
2016	26	26	-	3,267	0.80%