



Financial Statements
December 31, 2020 and 2019

Tulsa County Public Facilities Authority

Tulsa County Public Facilities Authority

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December 31, 2020 and 2019

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Independent Auditor's Report

The Board of Trustees
Tulsa County Public Facilities Authority
Tulsa, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the Tulsa County Public Facilities Authority (the Authority), a component unit of Tulsa County, Oklahoma, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2020 and 2019, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Relationship with Tulsa County, Oklahoma

As discussed in Note 1, the financial statements of the Authority are intended to present the financial position, changes in financial position, and cash flows of only the activities of the Authority. They do not purport to, and do not, present fairly the financial position of Tulsa County, Oklahoma as of December 31, 2020 and 2019, and the changes in its financial position or its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the Authority's proportionate share of the net pension liability, schedule of the Authority's pension contributions, and the schedule of the Authority's proportionate share of the total OPEB liability on pages 3 through 6 and 28 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 22, 2021, 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, grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Tulsa, Oklahoma
June 22, 2021



Management's Discussion and Analysis
December 31, 2020 and 2019

Tulsa County Public Facilities Authority

As management of Tulsa County Public Facilities Authority (the Authority), a public trust created for the use and benefit of the County of Tulsa (the County), 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 December 31, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Master Plan Improvements

In 1999, the Authority began implementing a master plan to revamp the 240 acres referred to as the Tulsa County Fairgrounds. The first phase was completed in 2001 and consisted of renovating the historic pavilion, an esplanade, and construction of a new livestock arena and stalling barn. The second phase was completed in 2003 and consisted of two new free span livestock barns, improvements to the Expo building, the beginning of Central Park Hall and a new RV park. The third phase was completed in 2006 and included two livestock barns and exhibit hall, a central plant and improvements to the Expo building. The fourth phase was completed in 2008 and included the Exchange Center, armory kitchen and improvements to the Expo building.

The Authority is part of a city-wide vision package approved in 2016. The total funding allocated to the Authority was \$30 million. The authorized projects are an additional barn which was completed in 2019, permanent outdoor stage and gate entrances which were completed in 2018 and pavilion roof repairs also completed in 2019.

Overview of the Financial Statements

The Authority is charged with establishing, promoting, maintaining and operating agricultural and industrial expositions, fairs, trade shows, pari-mutuel horse racing, simulcast and other recreational facilities, including the annual Tulsa State Fair and Tulsa County Fair on the Tulsa State Fairgrounds located in Tulsa County, Oklahoma. The Authority currently operates and maintains the Tulsa State Fairgrounds pursuant to a lease agreement, dated as of February 22, 1983, as amended, by and between the Authority and the County. The Authority is included in the County's comprehensive annual financial report as an enterprise fund.

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. This report consists of two parts: 1) management's discussion and analysis, and 2) 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's financial statements conform to generally accepted accounting principles for units of local government as promulgated by the Government Accounting Standards Board.

The financial statements of the Authority are similar to those used by private sector companies. Financial statements consist of a statement of net position, statement of revenues, expenses and changes in net position and a statement of cash flows. These statements show liquidity, debt level and areas in which revenues are generated and expenses are incurred. The statements also reflect the master plan activity.

Net Position

Net position is an important indicator of the Authority's overall financial position. The Authority's net position decreased approximately \$4,695,000, to \$90,299,537 at December 31, 2020 from \$94,994,114 at December 31, 2019. Net position decreased approximately \$2,959,000, to \$94,994,114 at December 31, 2019 from \$97,953,251 at December 31, 2018. The Authority's net position as a percentage of total assets plus deferred outflows of resources was 91%, 93%, and 85%, as of December 31, 2020, 2019, and 2018, respectively.

**Condensed Statements of Net Position
As of December 31:**

	2020	2019	2018
Current Assets	\$ 6,517,077	\$ 3,634,445	\$ 5,244,452
Restricted Assets	1,681,438	1,576,805	10,332,910
Capital Assets, Net	89,008,519	94,902,464	97,498,593
Total assets	97,207,034	100,113,714	113,075,955
Total deferred outflows of resources	2,154,177	1,993,983	1,519,896
Current Liabilities	3,123,688	1,667,364	5,746,747
Non-Current Liabilities	5,093,516	5,276,995	10,738,207
Total liabilities	8,217,204	6,944,359	16,484,954
Total deferred inflows of resources	844,470	169,224	157,646
Net Position			
Net Investment in Capital Assets	88,453,640	94,316,993	88,751,305
Restricted	1,180,997	942,980	8,064,860
Unrestricted	664,900	(265,859)	1,137,086
Total net position	\$ 90,299,537	\$ 94,994,114	\$ 97,953,251

At December 31, 2020, total assets and deferred outflows decreased approximately \$2,746,000 due to a decrease in capital assets of approximately \$5,894,000, primarily from depreciation expense of \$8,500,000, combined with an increase in cash of approximately \$2,800,000. At December 31, 2020, total liabilities and deferred inflows increased approximately \$1,200,000, due primarily to increases in short term accounts payable due from construction projects completed near year-end but not yet paid as of December 31, 2020.

At December 31, 2019, total assets and deferred outflows decreased approximately \$12,500,000 due to the cash payment related to the defeasance of the 2015 bonds and regular depreciation. At December 31, 2019, total liabilities decreased mostly related to the defeasance of the 2015 bonds which removed the balance from the statement of net position during the year ended December 31, 2019.

Condensed Statements of Revenues, Expenses, and Changes in Net Position
Years ended December 31:

	2020	2019	2018
Revenues			
Operating	\$ 15,139,492	\$ 25,458,887	\$ 23,051,321
Nonoperating	3,690,465	6,528,608	22,546,101
Total revenues	18,829,957	31,987,495	45,597,422
Expenses			
Operating - Depreciation & amortization	8,452,999	8,676,511	7,897,225
Other operating expenses	15,052,058	25,857,833	22,804,910
Nonoperating expenses and losses	19,477	412,288	321,419
Total expenses	23,524,534	34,946,632	31,023,554
Change in Net Position	(4,694,577)	(2,959,137)	14,573,868
Net Position, Beginning of Year	94,994,114	97,953,251	83,379,383
Net Position, End of Year	\$ 90,299,537	\$ 94,994,114	\$ 97,953,251

Total revenue declined approximately \$13,200,000 from December 31, 2019 to December 31, 2020, largely due to the loss of fair revenue, and revenue from many other events, in 2020 due to the COVID-19 pandemic. Total expenses were also decreased by approximately \$11,400,000, largely for the same reason. Expenses directly related to the fair and other major events, include employee labor, catering and concessions and other miscellaneous costs, which were decreased approximately \$8,100,000. Additional costs related to employee layoffs and furloughs and utilities during the pandemic accounted for an additional \$1,500,000 in decreased expenses.

Total revenue declined approximately \$13,600,000 from December 31, 2018 to December 31, 2019, largely due to the decrease in the contributions from the City of Tulsa related to the vision payable project.

Capital Assets

Capital Assets			
As of December 31:			
	2020	2019	2018
Land	\$ 1,146,200	\$ 1,146,200	\$ 408,500
Construction in progress	1,856,243	359,849	20,195,551
Buildings and systems	203,776,975	201,175,834	177,470,127
Machinery and equipment	16,157,805	17,774,844	16,302,167
Total	222,937,223	220,456,727	214,376,345
Accumulated depreciation	(133,928,704)	(125,554,263)	(116,877,752)
Capital assets, net	\$ 89,008,519	\$ 94,902,464	\$ 97,498,593

The Authority completed a master plan which was set up in phases. The first phase was completed in September 2001, the second phase was completed in September 2003, the third phase was completed in March 2008, and the fourth phase was completed in October 2008.

Capital assets before depreciation increased approximately \$2,500,000 from December 31, 2019 to December 31, 2020, largely due to the completion of construction projects over the past year. Capital assets before depreciation increased approximately \$6,000,000 from December 31, 2018 to December 31, 2019, largely due to the completion of construction projects.

See additional discussion in Note 3 to the financial statements.

Long-term Debt

Outstanding long-term debt decreased approximately \$31,000 from December 31, 2019 to December 31, 2020, due to the regular principal payments. Outstanding long-term debt decreased approximately \$8,700,000 from December 31, 2018 to December 31, 2019, due to the defeasance of the 2015 bonds during December 2019, offset by a bank note with a balance of approximately \$555,000 and \$585,000, as of December 31, 2020 and 2019.

See additional discussion in Note 4 to the financial statements.

Request for Information

This financial report is designed to give the reader a general overview of the Authority's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Shanna Dutton, Chief Financial Officer, at Expo Square, 4145 East 21st Street, Tulsa, Oklahoma 74114.

Tulsa County Public Facilities Authority
 Statements of Net Position
 December 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,359,432	\$ 2,642,409
Accounts receivable	939,598	678,847
Prepaid event expenses	82,796	107,910
Prepaid and other expenses	24,451	15,060
Inventories	110,800	190,219
Total current assets	6,517,077	3,634,445
Restricted Assets		
Cash and cash equivalents	1,180,997	942,980
Amounts held for others	500,441	633,825
Total restricted assets	1,681,438	1,576,805
Capital assets, not being depreciated	3,002,443	1,506,049
Capital assets, net of depreciation	86,006,076	93,396,415
Total assets	97,207,034	100,113,714
Deferred Outflows of Resources		
Pension and other post-employment benefits	2,154,177	1,993,983
Total assets and deferred outflows of resources	\$ 99,361,211	\$ 102,107,697

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

Tulsa County Public Facilities Authority
 Statements of Net Position
 December 31, 2020 and 2019

	2020	2019
Liabilities		
Current Liabilities		
Accounts payable	\$ 2,257,845	\$ 1,092,946
Other accrued expenses	409,595	416,343
Unearned credits and event revenue	424,317	127,179
Current portion of debt	31,931	30,896
Total current liabilities	3,123,688	1,667,364
Trust fund liabilities	500,441	633,825
Net pension liability	4,070,127	3,956,664
Other post-employment benefits liability	-	131,931
Long-term debt, less current portion	522,948	554,575
Total non-current liabilities	5,093,516	5,276,995
Total liabilities	8,217,204	6,944,359
Deferred Inflows of Resources		
Pension	800,332	60,792
Refunding of debt	44,138	68,213
Other post-employment benefits	-	40,219
Total Deferred Inflows of Resources	844,470	169,224
Net Position		
Net investment in capital assets	88,453,640	94,316,993
Restricted for debt service	80,357	80,053
Restricted for capital projects	1,100,640	862,927
Unrestricted	664,900	(265,859)
Total net position	\$ 90,299,537	\$ 94,994,114

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

Tulsa County Public Facilities Authority
 Statements of Revenues, Expenses and Changes in Net Position
 Years Ended December 31, 2020 and 2019

	2020	2019
Operating Revenues		
State Fair		
Admissions	\$ 146,402	\$ 2,723,515
Midway commissions	-	2,541,547
Third party vendor	74,288	2,054,943
Parking	-	900,710
Food and beverage	56,056	871,844
Shows	99,568	511,831
Other	472,855	1,073,705
Space rental	4,850,097	4,804,353
Food and beverage	2,756,214	3,531,720
Racing commissions	3,129,206	2,496,823
Tribal gaming revenue	1,970,700	2,000,266
Other	1,584,106	1,947,630
	<u>15,139,492</u>	<u>25,458,887</u>
Operating Expenses		
Personnel	6,327,424	10,457,248
Depreciation and amortization	8,452,999	8,676,511
Event expenses	2,768,017	6,792,868
Utilities and telephone	2,093,497	2,431,624
Catering and concessions	1,009,004	1,768,226
Advertising, promotion and entertainment	66,975	534,713
Supplies and printing	223,819	479,869
Professional services	503,419	557,095
Maintenance and repairs	355,626	687,413
Insurance	557,580	706,582
Equipment rental	174,181	188,404
Food and beverage	630,825	641,996
Vehicle expenses	92,957	207,280
Other expenses	248,734	404,515
	<u>23,505,057</u>	<u>34,534,344</u>
Operating Loss	<u>(8,365,565)</u>	<u>(9,075,457)</u>

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

Tulsa County Public Facilities Authority
 Statements of Revenues, Expenses and Changes in Net Position
 Years Ended December 31, 2020 and 2019

	2020	2019
Nonoperating Revenues (Expenses)		
Contributions from the City of Tulsa	\$ 262,314	\$ 4,656,213
Contributions from Tulsa County	3,231,287	840,000
Insurance recovery due to court settlement	-	654,579
Interest expense	(19,477)	(284,082)
Interest income	3,399	134,764
Loss on bond defeasance	-	(128,206)
Other	193,465	243,052
Net nonoperating revenues	3,670,988	6,116,320
Change in net position	(4,694,577)	(2,959,137)
Net position, beginning of year	94,994,114	97,953,251
Net position, end of year	\$ 90,299,537	\$ 94,994,114

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

Tulsa County Public Facilities Authority

Statements of Cash Flow

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Activities		
Cash received from customers	\$ 15,042,495	\$ 24,991,039
Cash proceeds from non-capital insurance settlement	-	654,579
Cash paid to suppliers	(7,534,711)	(17,161,949)
Cash paid for salaries, employee benefits and taxes	<u>(5,767,470)</u>	<u>(9,818,196)</u>
Net Cash from (used for) Operating Activities	<u>1,740,314</u>	<u>(1,334,527)</u>
Noncapital Financing Activities		
Other receipts	<u>193,465</u>	<u>243,052</u>
Net Cash from Noncapital Financing Activities	<u>193,465</u>	<u>243,052</u>
Capital and Related Financing Activities		
Acquisition of capital assets	(2,559,054)	(6,080,382)
Principal payments on revenue bonds	(30,592)	(8,785,735)
Interest payments on revenue bonds	(19,477)	(330,740)
Proceeds from issuance of bank debt	-	588,000
Contributions from Tulsa County and City of Tulsa	<u>3,493,601</u>	<u>7,982,826</u>
Net Cash from (used for) Capital and Related Financing Activities	<u>884,478</u>	<u>(6,626,031)</u>
Investing Activities		
Interest received on cash	<u>3,399</u>	<u>134,764</u>
Net Cash from Investing Activities	<u>3,399</u>	<u>134,764</u>
Net Change in Cash and Cash Equivalents	2,821,656	(7,582,742)
Cash and Cash Equivalents, Beginning of Year	<u>4,219,214</u>	<u>11,801,956</u>
Cash and Cash Equivalents, End of Year	<u>\$ 7,040,870</u>	<u>\$ 4,219,214</u>

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

Tulsa County Public Facilities Authority

Statements of Cash Flow

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net		
Cash from Operating Activities		
Operating loss	\$ (8,365,565)	\$ (9,075,457)
Adjustments to reconcile operating loss to net cash from (used for) operating activities:		
Depreciation and amortization	8,452,999	8,676,511
Insurance recovery due to court settlement	-	654,579
Changes in assets, liabilities, deferred inflows and outflows		
Accounts receivable	(260,751)	116,767
Prepaid event and other expenses	15,723	206,727
Inventories	79,419	(26,737)
Deferred outflows of resources	(160,194)	(474,087)
Accounts payable	1,164,899	(2,112,000)
Other accrued expenses	(6,748)	139,192
Net pension liability	113,463	1,149,042
Other post-employment benefits liability	(131,931)	(16,027)
Unearned credits and event revenue	297,138	(60,813)
Trust fund liabilities	(133,384)	(523,802)
Deferred inflows of resources	675,246	11,578
	<u>10,105,879</u>	<u>7,740,930</u>
Net Cash from (used for) Operating Activities	<u>\$ 1,740,314</u>	<u>\$ (1,334,527)</u>
Reconciliation of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 5,359,432	\$ 2,642,409
Restricted cash and cash equivalents	1,180,997	942,980
Trust Account (Held for Others)	500,441	633,825
	<u>\$ 7,040,870</u>	<u>\$ 4,219,214</u>

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

Note 1 - Significant Accounting Policies**Summary of Significant Accounting Policies**

The accounting and reporting policies of Tulsa County Public Facilities Authority (the Authority) conform to generally accepted accounting principles for units of local government as promulgated by the Governmental Accounting Standards Board (GASB). The Authority has adopted GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*. The Authority has elected to apply all applicable GASB pronouncements as well as all private-sector standards of accounting and financial reporting issued prior to December 1, 1989.

Organization and Purpose

The Authority is a public trust established under the provisions of the Oklahoma Trust Act on January 17, 1983. The Authority commenced operations on March 1, 1983, and, as successor to the Tulsa County Fairgrounds Trust Authority, operates and manages certain properties owned by Tulsa County, Oklahoma (the County), commonly referred to as the Tulsa County Fairgrounds located at Expo Square. The Authority is included in the County's comprehensive annual financial report as an enterprise fund.

The financial statements of the Authority are intended to present the financial position and changes in financial position of only that portion of the enterprise fund information of the County that is attributable to the transactions of the Authority, and not those of the entire County.

Basis of Accounting

Accrual basis accounting is used by the Authority. Under this method of accounting, revenues are recognized when earned and expenses are recorded when incurred.

Cash and Cash Equivalents

The Authority includes as cash equivalents all investments which are readily convertible into known amounts of cash with a maturity date at the time of purchase of three months or less.

Restricted Assets

Certain assets of the Authority are restricted for payment of horse racing meet purses and capital expenditures.

Accounts Receivable

Accounts receivable are short-term, non-interest bearing and uncollateralized and carried at original invoice amount.

An account receivable is considered to be past due if any portion of the receivable balance is outstanding past the terms of the specific sales contract. An allowance for doubtful accounts is established by management, based on past experience and analysis of current receivable collectability. The Authority considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Inventories

Inventories consist of food, beverage and sundry items and are stated at the lower of cost, determined on a first-in, first-out basis, or net realizable value.

Capital Assets

The Authority's capital assets with useful lives of more than one year are stated at cost or acquisition value if acquired by gift. Capital assets which are sold or retired have their cost and related accumulated depreciation removed from the records. The related gain or loss is recorded in the period of sale or retirement. Repairs and maintenance are charged to expense as incurred. Major renewals or betterments are capitalized.

Depreciation is provided using the straight-line method, based on the estimated useful lives of the assets which range from 3 to 45 years.

The Authority records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the years ended December 31, 2020 and 2019.

Prepaid Event Expenses and Unearned Revenue

Revenue from events, such as the annual State Fair and horse racing meet events, and the related expenses, are deferred until occurrence of the event, at which time the related revenue and any expenses are recognized.

Facilities Surcharge and Excise Tax Revenue

As of July 1999, the Authority implemented an event surcharge of \$1.00 per person on each admission to certain events held at the Tulsa State Fairgrounds. The event surcharge is earmarked for capital improvements at the Tulsa State Fairgrounds as described in the Expo Square Master Plan. Also, an excise tax was levied by the County which may be used for the purpose of making capital improvements at Expo Square and/or pledged and applied toward the payment of principal, premium and interest on indebtedness. For the years ending December 31, 2020 and 2019, the Authority received \$2,240,000 and \$840,000, respectively, in excise tax revenue from the County. These amounts are included in nonoperating revenues (expenses) on the statements of revenue, expenses and changes in net position.

Income Taxes

As a political subdivision, the Authority is exempt from federal income taxes under Section 115(1) of the Internal Revenue Code. As a result, as long as the Authority maintains its tax exemption, it will not be subject to income tax.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on net income or net position.

Subsequent Events

The Authority has evaluated subsequent events through June 22, 2021, the date which the financial statements were available to be issued.

Note 2 - Cash and Investments

Amounts Held for Others

Included in Amounts Held for Others is the Horsemen's Trust Account which is cash held in a custodial capacity for the payment of purses during the live racing meet. A corresponding liability for these amounts has been recorded as Trust Fund Liabilities.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist primarily of facility surcharges. In accordance with state statutes, authorized investments consist of obligations of the U.S. Treasury, agencies and instrumentalities, investment contracts, commercial paper, repurchase agreements and money market accounts.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a policy to limit custodial credit risk and has balances that regularly exceed FDIC limits.

Note 3 - Capital Assets

Capital assets activity for the years ended December 31, 2020 and 2019, was as follows:

	<u>1/1/2020</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>12/31/2020</u>
Capital assets, not being depreciated					
Land	\$ 1,146,200	\$ -	\$ -	\$ -	\$ 1,146,200
Construction in progress	359,849	1,736,491	(240,097)	-	1,856,243
Capital assets, not being depreciated	<u>1,506,049</u>	<u>1,736,491</u>	<u>(240,097)</u>	<u>-</u>	<u>3,002,443</u>
Capital assets, being depreciated					
Buildings and systems	201,175,834	51,142	2,549,999	-	203,776,975
Machinery and equipment	17,774,844	771,421	(2,309,902)	(78,558)	16,157,805
Total depreciable assets	<u>218,950,678</u>	<u>822,563</u>	<u>240,097</u>	<u>(78,558)</u>	<u>219,934,780</u>
Less accumulated depreciation for					
Buildings and systems	(115,266,569)	(7,420,449)	-	-	(122,687,018)
Machinery and equipment	(10,287,694)	(1,032,550)	-	78,558	(11,241,686)
Total accumulated depreciation	<u>(125,554,263)</u>	<u>(8,452,999)</u>	<u>-</u>	<u>78,558</u>	<u>(133,928,704)</u>
Capital assets, being depreciated, net	<u>93,396,415</u>	<u>(7,630,436)</u>	<u>240,097</u>	<u>-</u>	<u>86,006,076</u>
Total capital assets, net	<u>\$ 94,902,464</u>	<u>\$ (5,893,945)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,008,519</u>
	<u>1/1/2019</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>12/31/2019</u>
Capital assets, not being depreciated					
Land	\$ 408,500	\$ 737,700	\$ -	\$ -	\$ 1,146,200
Construction in progress	20,195,551	4,553,606	(24,389,308)	-	359,849
Capital assets, not being depreciated	<u>20,604,051</u>	<u>5,291,306</u>	<u>(24,389,308)</u>	<u>-</u>	<u>1,506,049</u>
Capital assets, being depreciated					
Buildings and systems	177,470,127	51,820	23,653,887	-	201,175,834
Machinery and equipment	16,302,167	737,256	735,421	-	17,774,844
Total depreciable assets	<u>193,772,294</u>	<u>789,076</u>	<u>24,389,308</u>	<u>-</u>	<u>218,950,678</u>
Less accumulated depreciation for					
Buildings and systems	(107,744,437)	(7,522,132)	-	-	(115,266,569)
Machinery and equipment	(9,133,315)	(1,154,379)	-	-	(10,287,694)
Total accumulated depreciation	<u>(116,877,752)</u>	<u>(8,676,511)</u>	<u>-</u>	<u>-</u>	<u>(125,554,263)</u>
Capital assets, being depreciated, net	<u>76,894,542</u>	<u>(7,887,435)</u>	<u>24,389,308</u>	<u>-</u>	<u>93,396,415</u>
Total capital assets, net	<u>\$ 97,498,593</u>	<u>\$ (2,596,129)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,902,464</u>

Depreciation expense were \$8,452,999 and \$8,676,511 for the years ended December 31, 2020 and 2019, respectively.

All capital assets are subject to a lease agreement dated February 22, 1983, with the Board of Commissioners of Tulsa County which, as amended, extends to March 1, 2043. The lease agreement covers all land, buildings, equipment and other properties.

The terms of the agreement provide that the Authority will manage and use the property in exchange for utilizing the property for purposes which are in the best interest of the citizens of Tulsa County. The agreement requires County Commissioner approval for capital expenditures in excess of \$100,000, any sublease of the property for a term exceeding two years, and the issuance of any revenue bonds. At the termination of the lease, ownership of all assets used or acquired in connection with the leased premises reverts to the County.

The above capital assets do not include the facility known as Safari Joe's H2O and formerly known as Big Splash. The facility was purchased by Splash Action, and the Authority entered into a contract with Splash Action as of September 2015. The facility operates under a long-term ground sublease for which the Authority receives rentals based on percentages of revenues subject to certain minimums. During the years ended December 31, 2020 and 2019, the Authority recorded \$142,000 and \$138,000, respectively, of rental income from Safari Joe's.

The Authority also has a percentage rental contract, extending to October 2021, with a midway operator to provide and operate amusements during the annual State Fair. During the year ended December 31, 2020, the Authority received no rental income from this vendor due to the cancellation of the State Fair because of the COVID-19 pandemic. During the year ended December 31, 2019, the Authority received \$1,723,736 of rental income under this contract.

The Authority leases certain property to a third party under a Ground Sublease Agreement. The sublessee of the property constructed a 100-room hotel facility (the Hotel Facility) on the subleased property. The third party is required to pay annual rental equal to the following: (a) \$46,000 payable in equal monthly installments from July 1, 2016 through December 31, 2016, (b) from January 1, 2017, through the termination of the sublease at the annual rate of \$100,000.

Note 4 - Long-term Liabilities

Long-term liability for the years ended December 31, 2020 and 2019, consists of the following:

	<u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2020</u>	<u>Amount Due Within One Year</u>
Note payable with bank	\$ 585,471	\$ -	\$ 30,592	\$ 554,879	\$ 31,931
Total long-term liabilities	<u>\$ 585,471</u>	<u>\$ -</u>	<u>\$ 30,592</u>	<u>\$ 554,879</u>	<u>\$ 31,931</u>

Tulsa County Public Facilities Authority

Notes to Financial Statements

December 31, 2020 and 2019

	<u>1/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2019</u>	<u>Amount Due Within One Year</u>
Bond payable	\$ 8,655,000	\$ -	\$ 8,655,000	\$ -	\$ -
Note payable with bank	<u>-</u>	<u>588,000</u>	<u>2,529</u>	<u>585,471</u>	<u>30,896</u>
Total long-term liabilities	<u>\$ 8,655,000</u>	<u>\$ 588,000</u>	<u>\$ 8,657,529</u>	<u>\$ 585,471</u>	<u>\$ 30,896</u>

Note Payable with Bank

In November 2019, the Authority entered into a promissory note with a local financial institution at a 3.3% interest rate. The amounts are due in 180 payments of \$4,146 per month and the note matures on November 12, 2034. The collateral on the note is the real property, fixtures, improvements, and personal property located at 7041 East 15th Street; Tulsa, Oklahoma 74112.

Bonds Payable

In October 2005, the Authority issued \$27,805,000 of its Capital Improvement and Refunding Revenue Bonds, Series 2005 (2005 Series revenue bonds) (average interest rate of 4.3 percent) principally to refund \$22,228,368 of outstanding 1999 Series revenue bonds (average interest rate of 6.5 percent). As a result, the 1999 Series revenue bonds were defeased, and the Authority had no further liability on the 1999 bonds. The difference between the reacquisition price (funds required to refund the 1999 Series revenue bonds) and the net carrying amount of the 1999 Series revenue bonds is shown as a reduction of \$2,049,217 in bonds payable. This reduction was being amortized to interest expense utilizing the effective interest method. These bonds were refunded during fiscal year ended December 31, 2015. See note below on 2015 bonds.

On August 4, 2015, the Authority issued \$14,745,000 of its Capital Improvement and Refunding Revenue Bonds, Series 2015 (2015 Series revenue bonds) (average interest rate of 3.5 percent) principally to refund \$16,790,000 of outstanding 2005 Series revenue bonds (average interest rate of 4.3 percent). The net proceeds of \$15,246,165 (after underwriting fees and other issuance costs of \$282,065) plus \$1,935,471 of cash was deposited in an irrevocable trust with an escrow agent to refund the 2005 bonds. As a result, the 2005 Series revenue bonds were defeased and the Authority has no further liability on the 2005 bonds. The difference between the reacquisition price (funds required to refund the 2005 Series revenue bonds) and the net carrying amount of the 2005 Series revenue bonds is reported as a deferred inflow of resources with balances of \$44,138 and \$68,213 as of December 31, 2020 and 2019, respectively. This reduction is being amortized to interest expense utilizing the effective interest method.

On December 20, 2019, the Authority deposited \$6,821,133 in cash in an irrevocable trust with an escrow agent to refund the 2015 bonds. This resulted in an in-substance defeasance and the Authority has no further liability on the 2015 bonds. The difference between the reacquisition price (funds required to refund the 2015 Series revenue bonds) and the net carrying amount of the 2015 Series revenue bonds of approximately \$6.6 million is reported as a loss on defeasance of \$128,206 for the year ended December 31, 2019. The remaining balance owed on these defeased bonds was \$4,515,000 and \$6,625,000 as of December 31, 2020 and 2019.

Future maturities of debt is as follows:

<u>Year ended December 31:</u>	<u>Deferred Inflow of Resources</u>	<u>Notes Payable</u>
2021	\$ 24,075	\$ 31,931
2022	20,063	33,001
2023	-	34,107
2024	-	35,249
2025	-	36,430
Thereafter	-	384,161
Total	<u>\$ 44,138</u>	<u>\$ 554,879</u>

Note 5 - Racing Operations

The Authority must apply to the Oklahoma Horse Racing Commission annually to be awarded racing days. For the fiscal years ended December 31, 2020 and 2019, the Authority was awarded and held 34 days. The Authority also held simulcast races throughout the fiscal years.

The Authority retains a pari-mutuel commission based on the total amount of pari-mutuel wagering during a racing meet. The percentages of the total wagered which can be retained by the Authority are set by Oklahoma law. The Authority must pay all purses and operating costs of the racing meet from the commission. The total amounts wagered on live racing during 2020 and 2019 were approximately \$704,000 and \$783,000, respectively. The total amounts wagered during 2020 and 2019 from simulcasting were approximately \$18,889,000 and \$17,652,000, respectively.

The Authority requested and received a total of 34 racing days to be held during the calendar year ending December 31, 2021. The Authority has also requested to air simulcast races during the entire fiscal year.

Note 6 - Related Party Transactions

The County provides, at its cost, certain printing and office supplies to the Authority, which are used for administrative purposes. During the years ending December 31, 2020 and 2019, the Authority paid the County approximately \$9,000 and \$43,000, respectively, for these items.

Note 7 - Retirement Plan

The Authority accounts for pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting For Pensions*.

The Authority provides all full-time employees retirement benefits through participation in the Tulsa County Employees' Retirement System (the System), a single-employer defined benefit pension plan, which covers participants with retirement, death and disability benefits. A nine-member Board of Trustees administers the System. Benefit terms are established and can be amended by the Systems Board of Trustees. The System issues stand-alone financial statements, which can be obtained from Tulsa County at 500 South Denver, Tulsa, Oklahoma 74103, or online at www.tulsacounty.org.

The System and Tulsa County have a June 30 year end. The System's pension liability was based on actuarial valuations as of June 30, 2020 and 2019. Tulsa County has elected to use the preceding year-end of the System as its measurement date. Net pension liability and related deferred outflows and inflows are reported as of June 30, 2020 and 2019. Pension payments by the Authority from the measurement date and the Authority's year-end are reported as deferred outflows of resources.

Employer contributions between the measurement date of June 30 and the Authority's year-end are reported as deferred outflows of resources. At December 31, 2020 and 2019, these payments amount to \$145,013 and \$205,384, respectively.

Plan Description and Provisions

Membership in the System is mandatory for all eligible employees. An employee becomes eligible on the first day of employment as a regular, full-time employee. Oklahoma Statutes include elected and appointed salaried County officials as employees for retirement system purposes. Seasonal, temporary, hourly, part-time or contracted workers are not considered to be eligible employees. Full-time employees of the Authority, along with other employees of the County and certain related agencies, participate in this plan.

For the plan years ended June 30, 2020 and 2019, the Authority's covered payroll were \$2,001,618 and \$2,573,231, respectively, and total payroll for all covered employees of the plan amount to \$83,400,750 and \$80,413,486, respectively. The Authority's share (2.40% and 3.20%, respectively) of the net pension liability was determined based on this ratio.

Normal Retirement Benefits

Benefits are determined by multiplying the average of the highest paid three years of annual salary times a percentage based on the years of credited service at the date of retirement. A member is fully vested after five years of full-time service as a regular employee. The five-year period is not required to be continuous. Unreduced benefits may be received at age 62. A member may also be eligible for full benefits under the "Rule of 80" in which the total service time and the employee's age equals 80. The System allows an employee who has attained age 55 with at least five years of credited service the opportunity to draw retirement benefits at an actuarially reduced percentage from the normal rate at age 62.

Contributions

Title 19 OSA 954 of the Oklahoma Statutes provides for annual contributions to be made by Tulsa County (including the Authority) for amortizing any net pension liability. The Board of Trustees of the System recommends to the Board of County Commissioners (BOCC), the percentage of the employer and employees' contribution level to be contributed to the System. The BOCC, within the limits allowed by law, establishes both the employer and employee levels of contributions to support the System.

Beginning July 1, 2019, the total employer and employee contributions shall not exceed 18.5% of the monthly compensation of each member.

Until June 30, 2019, the employer contribution rate was 14 percent. Effective July 1, 2020, the BOCC and the Board of Trustees of the System approved a resolution changing the employer contribution rate to 15%.

For the years ended December 31, 2020 and 2019, the employee contribution rate was 3.5% and 2.5%, respectively, of the base salary per month.

There are no legally required reserve accounts for the System's fiscal years ending June 30, 2020 and 2019.

Actuarial Assumptions

Key assumptions used in the System's actuarial valuation as of June 30, 2020 and 2019, are:

	<u>2020</u>	<u>2019</u>
Discount rate	6.25%	6.75%
Long-term expected rate of return	6.25%	6.75%
Valuation date	July 1, 2020	July 1, 2019
Measurement date	June 30, 2020	June 30, 2019
Inflation	2.50%	2.50%
Salary increases including inflation	5% grading down to 2.5%	5% grading down to 2.5%
Actuarial cost method	Entry Age Normal	Entry Age Normal
Mortality	RP-2014 Mortality for Employees, Healthy Annuitants, and Disabled with generational projection from 2006 using Scale MP-2017 for healthy participants	RP-2014 Mortality for Employees, Healthy Annuitants, and Disabled with generational projection from 2006 using Scale MP-2017 for healthy participants

The actuarial assumptions that determined the total pension liability as of June 30, 2020 and 2019, were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

Long-Term Expected Rate of Return

The current asset allocation and the best estimates of the arithmetic expected real rates of return for each major asset class as of June 30, 2020 and 2019, is summarized as follows:

	2020	
	Current Allocation	Expected Long-term Rate of return
US Cash	2.80%	-0.28%
US Core Fixed Income	26.10%	0.84%
US Intermediate Bonds	17.00%	0.84%
US High Yield Bonds	9.50%	3.75%
US Large Caps	14.50%	5.92%
US Mid-Caps	17.50%	6.89%
Foreign Developed Equity	9.00%	6.41%
Master Limited Partnerships	3.60%	5.49%
	2019	
	Current Allocation	Expected Long-term Rate of return
US Cash	3.10%	0.68%
US Core Fixed Income	22.60%	1.70%
US Intermediate Bonds	16.00%	1.40%
US High Yield Bonds	9.70%	3.91%
US Large Caps	14.00%	4.45%
US Mid-Caps	19.00%	4.85%
Foreign Developed Equity	9.70%	6.14%
Master Limited Partnerships	5.90%	3.81%

Pension Liabilities, Pension Expense, and Deferred Outflow/Inflows of Resources

At December 31, 2020 and 2019, the Authority reported a liability of \$4,070,127 and \$3,956,664, respectively, for its proportionate share of the net pension liability. The Authority's proportion of the net pension liability was based on the Authority's covered payroll relative to total covered payroll for Tulsa County. Based upon this information, the Authority's proportion was 2.4% and 3.2% for the years ended December 31, 2020 and 2019, respectively, unchanged from the previous year.

Tulsa County Public Facilities Authority

Notes to Financial Statements

December 31, 2020 and 2019

For the years ended December 31, 2020 and 2019, the Authority recognized pension expense of \$684,078 and \$684,712, respectively. At December 31, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual plan experience	\$ 137,373	\$ 35,976
Changes of assumptions	1,097,271	-
Net difference between projected and actual earnings on pension plan investments	606,163	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	168,357	764,356
Authority contributions subsequent to the measurement date	<u>145,013</u>	<u>-</u>
Total	<u>\$ 2,154,177</u>	<u>\$ 800,332</u>
	2019	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual plan experience	\$ 132,797	\$ 60,792
Changes of assumptions	937,057	-
Net difference between projected and actual earnings on pension plan investments	511,062	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	198,952	-
Authority contributions subsequent to the measurement date	<u>205,384</u>	<u>-</u>
Total	<u>\$ 1,985,252</u>	<u>\$ 60,792</u>

\$145,013 and \$205,384 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended December 31, 2021 and 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2021	\$ 442,697
2022	398,233
2023	280,314
2024	93,762
2025	<u>(6,174)</u>
Total	<u>\$ 1,208,832</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The net pension liability of the Authority for the years ended December 31, 2020 and 2019, is calculated using the discount rate of 6.25% and 6.75%, respectively. The following presents what the Authority's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher than the current rate.

<u>2020</u>		
<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
5.25%	6.25%	7.25%
\$ 5,521,915	\$ 4,070,127	\$ 2,878,359
<u>2019</u>		
<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
5.75%	6.75%	7.75%
\$ 5,653,951	\$ 3,956,664	\$ 2,556,114

Note 8 - Other Post-Employment Benefits

Summary

Effective July 1, 2020, the retirees in the Authority's post-employment benefit (OPEB) plan were transferred into a separate plan outside of the Authority and the County, and the previous OPEB liability was removed. The disclosures below are related to the plan information as of December 31, 2019.

Plan Description

Until July 1, 2020, the Authority offered post-employment benefit (OPEB) options to retirees and their dependents for medical, prescription drug, dental, and vision benefits for retired employees for those at normal retirement age defined as the earlier of age 62 with 5 years of service or the "Rule of 80" as described in the pension benefits. These benefits are provided through a defined benefit, single employer substantive plan with Tulsa County, which serves as administrator of the plan.

A substantive plan is one in which the plan terms are understood by the county, the Authority, and the plan members. This understanding is based on communications between the employer and plan member and the historical pattern of practice with regard to the sharing of benefit costs. All of the Authority's employees may become eligible for those post-retirement benefits if they are retired members under the age of 65 of the Tulsa County Employees' Retirement System (the System). No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Reporting for Post Employment Benefits Other Than Pensions*.

Benefits Provided

The Plan covers all current retirees of the System under the age of 65 who elected post-retirement medical coverage through Tulsa County and future retired employees under the age of 65 of Tulsa County through the County's fully insured health plan. The benefit levels are the same as those afforded to active employees.

The benefits offered by the County to retirees include health care, prescription drug, dental and vision benefits. The retirees become eligible to receive benefits when they retire through the System.

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

At December 31, 2019, the Authority reported a liability of \$131,931 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date. The Authority's proportion of the total OPEB liability was based on the Authority's participation in the plan's covered payroll relative to the total participation of the substantive plan as of June 30, 2019. Based upon this information, the Authority's proportion was 2.77% and 2.61% as of December 31, 2019 and 2018, respectively.

Changes of assumptions reflect a change in the discount rate from 3.87 percent in 2018 to 3.5 percent in 2019.

For the year ended December 31, 2019, the Authority recognized OPEB expense of \$13,865. At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 5,103	\$ 40,219
Changes in proportion	1,061	-
Authority contributions subsequent to the measurement date	2,567	-
Total	<u>\$ 8,731</u>	<u>\$ 40,219</u>

\$2,567 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2020.

Actuarial Assumptions

The total OPEB liability as of December 31, 2019, was determined based on an actuarial valuation prepared as of June 30, 2019 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Inflation - 2.30%
- Salary Increases - 3.00%
- Discount Rate - 3.50% based on 20 Year Bond General Obligation Index or Municipal Bond Rate
- Mortality Rate – RP-2014 Mortality for employees and healthy annuitants, with generational projection per Scale MP-2017
- Healthcare Cost Trend Rates – Based on long-term healthcare trends generated by the Getzen Model. Ranges vary from 6.5% for 2018 to 3.9% for 2094 and after.
- Retirement Age - Experience-based table of rates based on age and service

<u>Age</u>	<u>Rate</u>
55-64	20%
65-69	30%
70+	100%

- Turnover - Crocker, Sarason, & Straight T-7 rates, increased 0.2 for the first year and 0.1 for the second year, Rates range from 9.68% at age 25 to .15% at age 60.
- Participation Rate - 40% for employees who retire prior to age 65.
- Mortality - RP - 2014 for Employees & Healthy Annuitants with generational projection based on Scale MP-2017.

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, 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 (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current discount rate:

1% Decrease 2.50%	Current Rate 3.50%	1% Increase 4.50%
\$ 149,602	\$ 131,931	\$ 117,162

Sensitivity of the District's proportionate share of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the Authority's proportionate share of the total OPEB liability, as well as what the Authority's proportionate share of the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1- percentage-point higher than the current healthcare cost trend rates:

<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
\$ 114,546	\$ 131,931	\$ 153,502

Note 9 - Contingencies

The Authority is involved in legal proceedings in the normal course of operations, none of which, in the opinion of management, will have a material effect on the net position or changes in net position of the Authority.



Required Supplementary Information
December 31, 2020 and 2019

Tulsa County Public Facilities Authority

Tulsa County Public Facilities Authority
Schedule of Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's proportion of the net pension liability	2.40%	3.20%	3.20%	2.80%	2.80%	2.76%	3.17%
Authority's proportionate share of the net pension liability	\$ 4,070,127	\$ 3,956,664	\$ 2,807,622	\$ 1,972,036	\$ 2,168,576	\$ 1,113,629	\$ 563,443
Authority's covered payroll	\$ 2,001,618	\$ 2,573,231	\$ 2,447,991	\$ 2,150,288	\$ 2,331,204	\$ 2,121,982	\$ 2,296,768
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	203.34%	153.76%	114.69%	91.71%	93.02%	52.48%	24.53%
Plan fiduciary net position as a percentage of the total pension liability	62.64%	70.04%	76.86%	80.14%	77.49%	87.12%	94.00%

*10 -year data is not yet available.

Notes:

The discount rate decreased from 6.75% to 6.25% as of June 30, 2020.

Tulsa County Public Facilities Authority
 Schedule of Pension Contributions
 Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractual required contribution	\$ 313,252	\$ 389,170	\$ 342,719	\$ 342,470	\$ 326,369	\$ 334,992	\$ 346,483
Contribution in relation to the contractually required contribution	299,384	355,309	342,719	342,470	326,369	334,992	325,340
Contribution deficiency (excess)	13,868	33,861	-	-	-	-	21,143
Authority's covered payroll	\$ 2,001,618	\$ 2,573,231	\$ 2,447,991	\$ 2,150,288	\$ 2,331,204	\$ 2,121,982	\$ 2,296,768
Contribution as a percentage of covered payroll	15.65%	15.12%	14.00%	15.93%	14.00%	15.79%	15.09%

*10 -year data is not yet available.

Tulsa County Public Facilities Authority
 Schedule of Proportionate Share of the Total OPEB Liability
 Last Ten Fiscal Years *

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's proportion of the total OPEB liability	2.77%	2.61%	2.61%	2.61%
Authority's proportionate share of the total OPEB liability	\$ 131,931	\$ 147,958	\$ 139,144	\$ 142,557
Authority's covered payroll	\$ 2,268,426	\$ 2,118,046	\$ 2,127,256	\$ 2,078,531
Authority's proportionate share of the total OPEB liability as a percentage of its covered payroll	5.82%	6.99%	6.54%	6.86%

Notes to Schedule:

The discount rate changed from 3.87% in 2018 to 3.5% in 2019.

*10 -year data is not available.



Other Reports
December 31, 2020 and 2019

Tulsa County Public Facilities Authority



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

To the Board of Trustees
Tulsa County Public Facilities Authority
Tulsa County, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Tulsa County Public Facilities Authority (the Authority), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements and have issued our report thereon dated June 22, 2021. Our report includes an emphasis of matter paragraph describing the acknowledgement that the Authority is a component unit of the Tulsa County and these financial statements reflect only the assets, liabilities, and revenues and expenses of the Authority and not the Authority as a whole.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Tulsa County Public Facilities Authority's Response to Findings

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Tulsa, Oklahoma
June 22, 2021

2020-001 *Financial Reporting*
Material Weakness in Internal Control over Financial Reporting

Condition: While a process is in place to prepare the financial statements, the Authority does not have a year-end financial reporting control system in place to prepare the complete financial statements' related footnote disclosures in accordance with Generally Accepted Accounting Principles (GAAP).

Additionally, the Authority's net pension liability required audit adjustments and the addition of disclosures and required supplementary information for the year ended December 31, 2020. These entries are comprised of complex calculations.

Criteria: The development and implementation of a year-end financial reporting control system is the responsibility of the Authority's management. This process includes the preparation of financial statements and footnotes including all adjustments necessary to be presented in accordance with Generally Accepted Accounting Principles (GAAP). The auditor should not be part of the Authority's financial reporting control system.

Under GAAP, the net pension liability requires specific accrual and related deferred inflows and outflows of resources based on actuarial reviews of such amounts and are comprised of complex calculations. Additionally, GAAP requires extensive disclosures and required supplementary information for these types of liabilities.

Cause: The Authority implemented a system to provide the basic financial statements which are subject to internal entity reviews. However, the auditors helped identify all necessary disclosures in accordance with generally accepted accounting principles with regards to the pension liability.

Further, the pension liability calculations were separately calculated by County representatives and reviewed and recorded as journal entries by the audit team. Related disclosures and required supplementary information were also added as a result of the audit procedures.

Context: The Authority's financial statements were provided by management, but material adjustments were made to the financial statements and disclosures were necessary.

Effect: As a result of the audit procedures, an adjustment to increase net pension liability by approximately \$113,000, increase deferred outflows by approximately \$169,000, increase deferred inflows by approximately \$740,000, and increase pension expense by approximately \$684,000 was necessary. Additionally, the audit firm prepared the audited financial statements, related notes, and required supplementary information.

Recommendation:

Management and the Board should continue to evaluate and weigh the costs and benefits of developing and implementing a year-end financial reporting system including adjustments for the pension liabilities, complete disclosures, and complete required supplementary information. If the implementation of such a system is not deemed to be cost-effective, management and the Board may consider to accept the degree of risk of not having the full accrual financial statements and related disclosures.

Response:

Management of the Authority has considered and accepts the degree of risk associated with not having a system in place to prepare the Authority's own financial statements including the complex pension calculations and with full notes to the financial statements. Due to the cost/benefit associated with the complexity of the pension calculations and related disclosures, the Authority's agreement for outsourced CFO services does not provide for the preparation of full disclosure financial statements; however, the Authority does prepare monthly unaudited financial statements, which include a statement of net position and a statement of revenues and expenses and a statement of cash flows, which are constantly monitored by management and the Board.