

TULSA PERFORMING ARTS CENTER TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
FINANCIAL REPORT
June 30, 2011 and 2010

TULSA PERFORMING ARTS CENTER TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
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June 30, 2011 and 2010

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Independent Auditor's Report

Board of Trustees
Tulsa Performing Arts Center Trust
Tulsa, Oklahoma

We have audited the accompanying basic financial statements of the Tulsa Performing Arts Center Trust (TPACT), a component unit of the City of Tulsa, Oklahoma, as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of TPACT's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TPACT, as of June 30, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis on pages 2 through 4 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise TPACT's basic financial statements. The combining schedules and related note, listed as supplementary information in the index are presented for purposes of additional analysis and are not a required part of the basic financial statements of the TPACT. The combining schedules and related note have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

Kansas City, Missouri
December 2, 2011

**TULSA PERFORMING ARTS CENTER TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2011 and 2010**

As management of the Tulsa Performing Arts Center Trust ("TPACT"), a component unit of the City of Tulsa, Oklahoma (the "City"), we offer readers of TPACT's financial statements this narrative overview and analysis of the financial activities of TPACT for the years ended June 30, 2011 and 2010. We encourage readers to consider the information presented here in conjunction with TPACT's financial statements, which begin on page 5.

Financial Highlights

- Assets exceeded liabilities at the close of the most recent year by \$3,674,912. Of this amount, \$2,102,244 is unrestricted and may be used to meet TPACT's ongoing obligations.
- Net assets at June 30, 2011 increased from \$3,581,447 at June 30, 2010 to \$3,674,912 at June 30, 2011. During 2011, TPACT generated an increase in net assets of \$93,465, compared to a decrease of \$4,629 in 2010.
- Cash and cash equivalents at June 30, 2011 were \$582,833, a \$256,840 decrease from June 30, 2010.

Overview of the Financial Statements

TPACT, a public trust, is reported by the City as a discretely presented component unit in the City's Comprehensive Annual Financial Report. TPACT was established to assist the City in operating and maintaining the Tulsa Performing Arts Center and to provide financial assistance, direction and other assistance in connection with events occurring or proposed to occur in the Tulsa Performing Arts Center.

This discussion and analysis is intended to serve as an introduction to TPACT's audit report. This audit 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 financial statements of TPACT 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 Assets includes all of TPACT's assets and liabilities 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 TPACT. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the financial success of TPACT's operations over the past year and can be used to determine whether TPACT has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The third required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about TPACT's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and changes in cash resulting from operating, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the period.

TULSA PERFORMING ARTS CENTER TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
Years Ended June 30, 2011 and 2010

Net Assets

Net assets increased to \$3,674,912 at June 30, 2011, from \$3,581,447 at June 30, 2010. TPACT holds fixed income investments, equity mutual funds, and cash in its investment portfolio. Net assets decreased to \$3,581,447 at June 30, 2010, from \$3,586,076 at June 30, 2009. The following provides a summary of net assets:

	SUMMARY OF NET ASSETS		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Current assets and other assets	\$ 2,118,926	\$ 2,262,002	\$ 2,051,674
Capital assets, net	<u>1,572,668</u>	<u>1,580,655</u>	<u>1,579,335</u>
Total assets	<u>3,691,594</u>	<u>3,842,657</u>	<u>3,631,009</u>
Total liabilities	<u>16,682</u>	<u>261,210</u>	<u>44,933</u>
Invested in capital assets	1,572,668	1,580,655	1,579,335
Unrestricted	<u>2,102,244</u>	<u>2,000,792</u>	<u>2,006,741</u>
Total net assets	<u>\$ 3,674,912</u>	<u>\$ 3,581,447</u>	<u>\$ 3,586,076</u>

In 2011, total net assets increased \$93,465 primarily related to event expenses exceeding event revenues by an amount less than at June 30, 2010, offset by contributions and other nonoperating revenues. In 2010, total net assets decreased \$4,629 primarily related to event expenses exceeding event revenues, offset by contributions and other nonoperating revenues.

	SUMMARY OF CHANGES IN NET ASSETS		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenues	\$ 361,033	\$ 706,747	\$ 377,705
Nonoperating revenues	117,433	213,872	96,955
Investment gain (loss)	<u>188,510</u>	<u>85,964</u>	<u>(450,675)</u>
Total revenues	<u>666,976</u>	<u>1,006,583</u>	<u>23,985</u>
Depreciation expense	7,987	7,600	7,600
Other operating expense	<u>565,524</u>	<u>1,003,612</u>	<u>540,638</u>
Total expenses	<u>573,511</u>	<u>1,011,212</u>	<u>548,238</u>
Change in net assets	93,465	(4,629)	(524,253)
Net assets, beginning of year	<u>3,581,447</u>	<u>3,586,076</u>	<u>4,110,329</u>
Net assets, end of year	<u>\$ 3,674,912</u>	<u>\$ 3,581,447</u>	<u>\$ 3,586,076</u>

In 2011, TPACT experienced a 33.7% decrease in total revenue and an 43.3% decrease in total expenses. Revenues exceeded expenses by \$93,465 with an accompanying 2,119.1% increase in the change in net assets. Operating revenues include revenues generated from performing arts events and

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MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
Years Ended June 30, 2011 and 2010

parking revenues. Operating revenues decreased 48.9% during 2011, a result of decreased event revenues and parking revenues.

In 2010, TPACT experienced a 4,096.7% increase in total revenue and an 84.4% increase in total expenses from 2009. Expenses exceeded revenue by \$4,629 with an accompanying 0.1% decrease in net assets. Operating revenues included revenues generated from performing arts events and parking revenues. Operating revenues increased 87.1% during 2010, a result of increased event revenues and increased parking revenues.

In 2011, investment income increased 119.3% as a result of an increase in the value of the equity mutual fund portfolio. In 2010, investment income increased 119.1%, also as a result of an increase in the value of the equity mutual fund portfolio.

Other operating expenses decreased 43.7% in 2011 as a result of a decrease in event expense during the current year. In 2010, other operating expenses increased 85.6% as a result of an increase in event expense during the year.

Capital Assets

TPACT's investment in capital assets as of June 30, 2011 amounts to \$1,572,668 (net of accumulated depreciation). At June 30, 2010, TPACT's investment in capital assets amounted to \$1,580,655 (net of accumulated depreciation).

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Land	\$ 1,394,996	\$ 1,394,996	\$ 1,394,996
Artwork	74,767	74,767	74,767
Land improvements	102,905	110,892	109,572
Capital assets, net	<u>\$ 1,572,668</u>	<u>\$ 1,580,655</u>	<u>\$ 1,579,335</u>

Requests for Information

This financial report is designed to provide a general overview of TPACT'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, Tulsa, Oklahoma 74103.

TULSA PERFORMING ARTS CENTER TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 582,833	\$ 839,673
Investments	858,490	570,789
Interest receivable	6,817	1,607
Accounts receivable	<u>14,252</u>	<u>31,307</u>
Total current assets	1,462,392	1,443,376
Noncurrent assets:		
Investments	656,534	818,626
Nondepreciable capital assets	1,469,763	1,469,763
Depreciable capital assets, net	<u>102,905</u>	<u>110,892</u>
Total assets	<u>3,691,594</u>	<u>3,842,657</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	1,682	251,210
Unearned revenue	<u>15,000</u>	<u>10,000</u>
Total current liabilities	<u>16,682</u>	<u>261,210</u>
 <u>NET ASSETS</u>		
Invested in capital assets	1,572,668	1,580,655
Unrestricted	<u>2,102,244</u>	<u>2,000,792</u>
Total net assets	<u>\$ 3,674,912</u>	<u>\$ 3,581,447</u>

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

TULSA PERFORMING ARTS CENTER TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Event revenues	\$ 95,401	\$ 431,014
Parking lot revenues	265,632	275,733
	<u>361,033</u>	<u>706,747</u>
Operating expenses:		
Contracting services	75,000	75,000
Materials and supplies	172	1,464
Advertising	35,148	95,612
Auditing	13,000	8,128
Printing	393	3,092
Mailing	622	1,341
Rental fees	15,005	24,173
Grants	52,006	62,828
Parking lot expenses	183,176	187,690
Depreciation	7,987	7,600
Services and charges	191,002	544,284
	<u>573,511</u>	<u>1,011,212</u>
Operating income (loss)	<u>(212,478)</u>	<u>(304,465)</u>
Nonoperating revenues:		
Investment income	188,510	85,964
Contributions	109,322	152,937
State and other grants	8,111	51,915
Other	-	9,020
	<u>305,943</u>	<u>299,836</u>
Change in net assets	93,465	(4,629)
Net assets, beginning of year	<u>3,581,447</u>	<u>3,586,076</u>
Net assets, end of year	<u>\$ 3,674,912</u>	<u>\$ 3,581,447</u>

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

TULSA PERFORMING ARTS CENTER TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from customers	\$ 377,864	\$ 699,220
Cash payments to suppliers	<u>(592,620)</u>	<u>(988,612)</u>
Net cash used by operating activities	<u>(214,756)</u>	<u>(289,392)</u>
Cash flows from noncapital financing activities:		
Nonoperating grants	8,111	51,915
Contributions (returned) received	(107,886)	352,146
Other nonoperating income received	<u>-</u>	<u>9,020</u>
Net cash provided (used) by noncapital financing activities	<u>(99,775)</u>	<u>413,081</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>-</u>	<u>(8,920)</u>
Net cash used by capital and related financing activities	<u>-</u>	<u>(8,920)</u>
Cash flows from investing activities:		
Investment income	70,320	71,729
Investments purchased	(234,826)	(451,193)
Sale and maturity of investments	<u>222,197</u>	<u>224,971</u>
Net cash provided (used) by investing activities	<u>57,691</u>	<u>(154,493)</u>
Net decrease in cash and cash equivalents	(256,840)	(39,724)
Cash and cash equivalents, beginning of year	<u>839,673</u>	<u>879,397</u>
Cash and cash equivalents, end of year	<u>\$ 582,833</u>	<u>\$ 839,673</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (212,478)	\$ (304,465)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	7,987	7,600
Decrease (increase) in accounts receivable	18,128	(7,669)
(Decrease) increase in accounts payable	<u>(28,393)</u>	<u>15,142</u>
Net cash used by operating activities	<u>\$ (214,756)</u>	<u>\$ (289,392)</u>
Noncash investing activities:		
Appreciation of fair value of investments	<u>\$ 122,317</u>	<u>\$ 16,893</u>

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

TULSA PERFORMING ARTS CENTER TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended June 30, 2011 and 2010

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

NATURE OF BUSINESS – The Tulsa Performing Arts Center Trust (“TPACT”) is a public trust created under the provisions of the Oklahoma Trust Act. The beneficiary is the City of Tulsa (the “City”).

TPACT’s mission is to assist the City in operating and maintaining the Tulsa Performing Arts Center and to provide financial assistance, direction, and other assistance in connection with events occurring or proposed to occur in the Tulsa Performing Arts Center.

The City owns the Tulsa Performing Arts Center and the furniture and equipment within the Center. Therefore, these assets are not reflected in the financial statements of TPACT.

BASIS OF ACCOUNTING AND PRESENTATION – The financial statements of TPACT have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, and liabilities 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.

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (“GAAP”) as applied to 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.

REPORTING ENTITY - TPACT is a component unit of the City and is included in the City’s comprehensive annual financial report as a discretely presented component unit.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents balances, other than petty cash and non-pooled investments, are pooled with the City of Tulsa’s cash and investments and invested by the City of Tulsa’s Treasurer. Interest income on pooled cash and investments is allocated monthly based on the percentage of TPACT’s average daily equity in the pooled portfolio to the total average daily pooled portfolio balance.

For purposes of reporting cash flows, TPACT considers all highly liquid debt instruments with an original maturity of three months or less when purchased, and cash held by the City of Tulsa’s internal pool, to be cash equivalents.

TULSA PERFORMING ARTS CENTER TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended June 30, 2011 and 2010

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

INVESTMENTS – TPACT follows the provisions of GASB Statement No. 31, “Certain Investments and External Investment Pools,” which requires governmental entities to report investments at fair value in the statement of net assets. A net increase in fair value of investments of \$128,439 has been recognized and reported in investment income in the statement of revenues, expenses, and changes in net assets for the year ended June 30, 2011. For the year ended June 30, 2010, a net increase in fair value of investments of \$20,192 was recognized and reported in investment income in the statement of revenues, expenses, and changes in net assets.

ACCOUNTS RECEIVABLE – These amounts consist primarily of parking revenue due from the parking operator at year end. Management at TPACT believes this amount is fully collectible and has not reported an allowance for the amount due.

UNEARNED REVENUE – Unearned revenue represents payments and/or revenue received but not yet recognized since it has not yet been earned. Unearned revenue primarily consists of contributions for performances not yet held.

CAPITAL ASSETS – Capital assets are stated at cost. TPACT’s capitalization threshold is \$5,000. Capital assets are depreciated on a straight-line basis over the following estimated service life:

Land improvements	15-30 years
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TPACT owns a collection of art housed in the Performing Arts Center. The collection is not depreciated because it meets all the following conditions:

- The collection is held for reasons other than financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved.
- The collection is subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for collections.

NET ASSETS – Net assets of TPACT represent the difference between assets and liabilities. Net assets invested in capital consist of capital assets net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by TPACT or through external restrictions imposed by creditors, grantors or, laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, TPACT first applies restricted resources. Unrestricted net assets are remaining assets less remaining liabilities that do not meet the definition of invested capital assets or restricted.

INCOME TAXES – TPACT is exempt from federal income taxes under Section 501(c)(3) and is nontaxable under Section 115(1) of the Internal Revenue Code.

TULSA PERFORMING ARTS CENTER TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended June 30, 2011 and 2010

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

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 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, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

2. **CASH DEPOSITS AND INVESTMENTS**

POOLED CASH AND CASH EQUIVALENTS – Cash deposits of TPACT are maintained within the City’s pooled cash and investments account. Pooled cash and investments consist primarily of time deposits and other securities guaranteed by the United States Government or its agencies. At June 30, 2011 and 2010, the pooled cash and investments amounted to \$582,833 and \$839,673, respectively. The amounts pooled with the City at June 30, 2011 and 2010 were represented by investments which were insured or registered or securities held by the City or its agent in the City’s name.

NON-POOLED INVESTMENTS – TPACT may invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury, U.S. agencies and instrumentalities, and equity index funds.

For the years ended June 30, TPACT had the following investments and maturities:

<u>Type</u>	<u>Fair Value</u>	<u>June 30, 2011</u>	
		<u>Maturities in Years</u>	
		<u>Less than 1</u>	<u>1-5</u>
Equity index funds	\$ 703,822	\$ 703,822	\$ -
U.S. agency obligations	811,202	154,668	656,534
	<u>\$ 1,515,024</u>	<u>\$ 858,490</u>	<u>\$ 656,534</u>

<u>Type</u>	<u>Fair Value</u>	<u>June 30, 2010</u>	
		<u>Maturities in Years</u>	
		<u>Less than 1</u>	<u>1-5</u>
Equity index funds	\$ 340,554	\$ 340,554	\$ -
U.S. agency obligations	1,048,861	230,235	818,626
	<u>\$ 1,389,415</u>	<u>\$ 570,789</u>	<u>\$ 818,626</u>

TULSA PERFORMING ARTS CENTER TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended June 30, 2011 and 2010

2. **CASH DEPOSITS AND INVESTMENTS, Continued**

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, TPACT’s investment policy states that a maximum of 50% of the market value of the Trust’s portfolio may be invested in equity index funds with the remainder invested in fixed income securities or cash reserves. Fixed income securities are to consist of U.S. government or agency obligations and cash reserves may consist of deposits with financial institutions, money markets, repurchase agreements or the City of Tulsa’s pooled portfolio.

Pooled investments – In accordance with the City’s investment policy, the City manages its interest rate risk by limiting the weighted average maturity of its investment portfolio to three years or less. No security, at the time of purchase, shall have a maturity exceeding five years. The weighted average maturity of the City’s pooled investment portfolio is 2.07 years.

Non-pooled investments – The equity index funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately, and are not subject to interest rate risk.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations.

Pooled investments – The City’s investment policy prohibits purchasing any investments rated below AA at the time of purchase. As of June 30, 2011 and 2010, the U.S. agencies obligations included in the City’s pooled investment portfolio were rated Aaa and AAA by Moody’s and Standard & Poor’s, respectively.

Non-pooled investments – TPACT does not have a formal policy to limit its credit risk investments. At June 30, 2011 and 2010, TPACT’s fixed income investments in U.S. agencies obligations not directly guaranteed by the U.S. government were rated AAA by Standard & Poor’s and TPACT’s equity index fund investments are not subject to credit risk.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, TPACT will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Pooled deposits and investments – The City’s investment policy requires that demand deposits be collateralized at least by 110% of the amount that is not federally insured. Securities pledged as collateral are held by a third party. Joint custody safekeeping receipts are held in the name of the depository institution, but pledged to the City. The securities cannot be released, substituted or sold without the City’s approval and release of the security. Certificates of deposit are, according to the City’s investment policy, to be collateralized at least by 102% of the amount that is not federally insured. As of June 30, 2011 and 2010, none of the deposits in the pooled portfolio was exposed to custodial credit risk. All safekeeping receipts for investment instruments are held in accounts in the City’s name and all securities are registered in the City’s name. Therefore, none of the Authority’s investments as of June 30, 2011 and 2010 was exposed to custodial credit risk.

TULSA PERFORMING ARTS CENTER TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended June 30, 2011 and 2010

2. **CASH DEPOSITS AND INVESTMENTS, Continued**

Non-pooled investments – All of the underlying securities for TPACT’s investments in U.S. agency obligations at June 30, 2011 and 2010, are insured or registered or securities held by TPACT or by its agent in TPACT’s name. TPACT’s investments in equity index funds are not categorized as to custodial credit risk because the investment is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk

Pooled investments – At June 30, 2011, the City’s investments in Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association constituted approximately 17%, 15%, 19%, and 13%, respectively, of its total pooled investment portfolio. At June 30, 2010, the City’s investments in Federal Farm Credit Bank, Federal Home Loan bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association constituted approximately 11%, 10%, 14%, and 10%, respectively, of its total pooled investment portfolio.

Non-pooled investments – TPACT places no limit on the amount that may be invested in any one issuer. At June 30, 2011, TPACT’s investments in the equity index funds are not subject to concentration of credit risk disclosure. TPACT’s investments in Federal Home Loan Bank, Federal Farm Credit Bank, and Federal National Mortgage Association constituted 24%, 14% and 15%, respectively, of total investments.

At June 30, 2010, TPACT’s investments in the equity index funds were not subject to concentration of credit risk disclosure. TPACT’s investments in Federal Home Loan Bank, Federal Farm Credit Bank, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation constituted 36%, 16%, 16% and 7%, respectively, of total investments.

INVESTMENT INCOME – Investment income for the years ended consists of:

	<u>2011</u>	<u>2010</u>
Interest and dividend income	\$ 60,071	\$ 65,772
Net increase in fair value of investments and cash equivalents	128,439	20,192
	<u>\$ 188,510</u>	<u>\$ 85,964</u>

TULSA PERFORMING ARTS CENTER TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended June 30, 2011 and 2010

3. **CAPITAL ASSETS**

The changes in capital assets during the years ended June 30, 2011 and 2010 are summarized as follows:

2011:	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,394,996	\$ -	\$ -	\$ 1,394,996
Artwork	74,767	-	-	74,767
Total capital assets not being depreciated	<u>1,469,763</u>	<u>-</u>	<u>-</u>	<u>1,469,763</u>
Capital assets being depreciated:				
Land improvements	228,920	-	-	228,920
Less accumulated depreciation:				
Land improvements	(118,028)	(7,987)	-	(126,015)
Total capital assets being depreciated, net	<u>110,892</u>	<u>(7,987)</u>	<u>-</u>	<u>102,905</u>
Capital assets, net	<u>\$ 1,580,655</u>	<u>\$ (7,987)</u>	<u>\$ -</u>	<u>\$ 1,572,668</u>
2010:	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,394,996	\$ -	\$ -	\$ 1,394,996
Artwork	74,767	-	-	74,767
Total capital assets not being depreciated	<u>1,469,763</u>	<u>-</u>	<u>-</u>	<u>1,469,763</u>
Capital assets being depreciated:				
Land improvements	220,000	8,920	-	228,920
Less accumulated depreciation:				
Land improvements	(110,428)	(7,600)	-	(118,028)
Total capital assets being depreciated, net	<u>109,572</u>	<u>1,320</u>	<u>-</u>	<u>110,892</u>
Capital assets, net	<u>\$ 1,579,335</u>	<u>\$ 1,320</u>	<u>\$ -</u>	<u>\$ 1,580,655</u>

TULSA PERFORMING ARTS CENTER TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended June 30, 2011 and 2010

4. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2011 and 2010, TPACT conducted the following transactions with related parties:

	<u>2011</u>	<u>2010</u>
Payments to City of Tulsa - General Fund for staff support	<u>\$ 75,000</u>	<u>\$ 75,000</u>
Payment to Tulsa Parking Authority for parking lot management	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Payments to the City of Tulsa for rental fees at the Performing Arts Center	<u>\$ 14,330</u>	<u>\$ 23,035</u>

5. RISK MANAGEMENT

TPACT is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; natural disasters, and accidents. TPACT carries commercial insurance which management believes to be adequate to cover material risk to which TPACT is exposed. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

TULSA PERFORMING ARTS CENTER TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTE TO OTHER SUPPLEMENTARY INFORMATION
Year Ended June 30, 2011

In addition to the basic financial statements, TPACT presents a combining schedule of net assets, a combining schedule of revenues, expenses and changes in net assets and a combining schedule of cash flows for its five sub funds of the operations of TPACT. Brief explanations of these sub funds are as follows:

The Operating Fund – This fund is used to account for the revenue from ticket sales and related operating expenses for certain TPACT-sponsored functions held at the Tulsa Performing Arts Center.

The Unrestricted Endowment Fund – This fund is used to account for contributions and related interest income which are unrestricted by donors. The Board has designated the use of income earned in this account to obtaining cultural events for the Tulsa Performing Arts Center. Income earned in this account may also be used to fund general equipment purchases.

The Restricted Endowment Fund – This fund is used to account for contributions from private sources. TPACT's board has restricted the use of the principal and/or investment income for specific purposes.

The Special Event Fund – This fund is used to account for special events designated by the Board.

The Parking Lot Fund – This fund is used to account for a parcel of land acquired in 1994 and held for future expansion. The acquisition included an existing parking lot. This fund will account for the land and land improvements and the revenues and related operating expenses derived from the parking lot operations until such time that the land is used for expansion.

TULSA PERFORMING ARTS CENTER TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
COMBINING SCHEDULE OF NET ASSETS
June 30, 2011

	<u>Operating Fund</u>	<u>Unrestricted Endowment Fund</u>	<u>Restricted Endowment Fund</u>	<u>Special Event Fund</u>	<u>Parking Lot Fund</u>	<u>Total</u>
<u>ASSETS</u>						
Current assets:						
Cash and cash equivalents	\$ -	\$ 522,449	\$ 30,876	\$ 4,378	\$ 25,130	\$ 582,833
Investments	-	815,585	42,905	-	-	858,490
Interest receivable	-	6,476	323	2	16	6,817
Accounts receivable	3,000	-	-	-	11,252	14,252
Internal balances	(13,491)	13,491	-	-	-	-
Total current assets	(10,491)	1,358,001	74,104	4,380	36,398	1,462,392
Noncurrent assets:						
Investments	-	623,789	32,745	-	-	656,534
Nondepreciable capital assets	36,617	-	-	38,150	1,394,996	1,469,763
Depreciable capital assets, net	-	-	-	-	102,905	102,905
Total assets	26,126	1,981,790	106,849	42,530	1,534,299	3,691,594
<u>LIABILITIES</u>						
Current liabilities:						
Accounts payable	1,682	-	-	-	-	1,682
Unearned revenue	15,000	-	-	-	-	15,000
Total current liabilities	16,682	-	-	-	-	16,682
<u>NET ASSETS</u>						
Invested in capital assets	36,617	-	-	38,150	1,497,901	1,572,668
Unrestricted	(27,173)	1,981,790	106,849	4,380	36,398	2,102,244
Total net assets	\$ 9,444	\$ 1,981,790	\$ 106,849	\$ 42,530	\$ 1,534,299	\$ 3,674,912

TULSA PERFORMING ARTS CENTER TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET
ASSETS
Year Ended June 30, 2011

	Operating Fund	Unrestricted Endowment Fund	Restricted Endowment Fund	Special Event Fund	Parking Lot Fund	Total
Operating revenues:						
Event revenues	\$ 95,401	\$ -	\$ -	\$ -	\$ -	\$ 95,401
Parking lot revenues	-	-	-	-	265,632	265,632
	<u>95,401</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>265,632</u>	<u>361,033</u>
Operating expenses:						
Contracting services	75,000	-	-	-	-	75,000
Materials and supplies	172	-	-	-	-	172
Advertising	35,148	-	-	-	-	35,148
Auditing	13,000	-	-	-	-	13,000
Printing	393	-	-	-	-	393
Mailing	622	-	-	-	-	622
Rental fees	15,005	-	-	-	-	15,005
Grants	52,006	-	-	-	-	52,006
Parking lot expenses	-	-	-	-	183,176	183,176
Depreciation	-	-	-	-	7,987	7,987
Services and charges	184,922	-	6,080	-	-	191,002
	<u>376,268</u>	<u>-</u>	<u>6,080</u>	<u>-</u>	<u>191,163</u>	<u>573,511</u>
Operating income (loss)	<u>(280,867)</u>	<u>-</u>	<u>(6,080)</u>	<u>-</u>	<u>74,469</u>	<u>(212,478)</u>
Nonoperating revenues:						
Investment income (loss)	(967)	179,655	8,539	(253)	1,536	188,510
Contributions	109,322	-	-	-	-	109,322
State and other grants	8,111	-	-	-	-	8,111
	<u>116,466</u>	<u>179,655</u>	<u>8,539</u>	<u>(253)</u>	<u>1,536</u>	<u>305,943</u>
Income (loss) before transfers	<u>(164,401)</u>	<u>179,655</u>	<u>2,459</u>	<u>(253)</u>	<u>76,005</u>	<u>93,465</u>
Transfers:						
Transfers in	153,680	86,154	3,000	-	-	242,834
Transfers out	(3,000)	(153,680)	-	-	(86,154)	(242,834)
	<u>150,680</u>	<u>(67,526)</u>	<u>3,000</u>	<u>-</u>	<u>(86,154)</u>	<u>-</u>
Change in net assets	(13,721)	112,129	5,459	(253)	(10,149)	93,465
Net assets, beginning of year	<u>23,165</u>	<u>1,869,661</u>	<u>101,390</u>	<u>42,783</u>	<u>1,544,448</u>	<u>3,581,447</u>
Net assets, end of year	<u>\$ 9,444</u>	<u>\$ 1,981,790</u>	<u>\$ 106,849</u>	<u>\$ 42,530</u>	<u>\$ 1,534,299</u>	<u>\$ 3,674,912</u>

TULSA PERFORMING ARTS CENTER TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
COMBINING SCHEDULE OF CASH FLOWS
Year Ended June 30, 2011

	Operating Fund	Unrestricted Endowment Fund	Restricted Endowment Fund	Special Event Fund	Parking Lot Fund	Total
Cash flows from operating activities:						
Cash received from customers	\$ 95,401	\$ -	\$ -	\$ -	\$ 282,463	\$ 377,864
Cash payments to suppliers	(380,827)	-	(6,080)	-	(205,713)	(592,620)
Net cash provided (used) by operating activities	(285,426)	-	(6,080)	-	76,750	(214,756)
Cash flows from noncapital financing activities:						
Nonoperating grants	8,111	-	-	-	-	8,111
Contributions returned	(107,886)	-	-	-	-	(107,886)
Transfers in	153,680	86,154	3,000	-	-	242,834
Transfers out	(3,000)	(153,680)	-	-	(86,154)	(242,834)
Advance from (to) other funds	13,491	(13,491)	-	-	-	-
Net cash provided (used) by noncapital financing activities	64,396	(81,017)	3,000	-	(86,154)	(99,775)
Cash flows from investing activities:						
Investment income	(570)	66,999	2,565	(247)	1,573	70,320
Investments purchased	-	(223,085)	(11,741)	-	-	(234,826)
Sale and maturity of investments	-	211,087	11,110	-	-	222,197
Net cash provided (used) by investing activities	(570)	55,001	1,934	(247)	1,573	57,691
Net decrease in cash and cash equivalents	(221,600)	(26,016)	(1,146)	(247)	(7,831)	(256,840)
Cash and cash equivalents, beginning of year	221,600	548,465	32,022	4,625	32,961	839,673
Cash and cash equivalents, end of year	-	\$ 522,449	\$ 30,876	\$ 4,378	\$ 25,130	\$ 582,833
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (280,867)	\$ -	\$ (6,080)	\$ -	\$ 74,469	\$ (212,478)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	-	-	-	-	7,987	7,987
Decrease in accounts receivable	1,297	-	-	-	16,831	18,128
Decrease in accounts payable	(5,856)	-	-	-	(22,537)	(28,393)
Net cash provided by (used for) operating activities	\$ (285,426)	\$ -	\$ (6,080)	\$ -	\$ 76,750	\$ (214,756)
Noncash investing activities:						
Appreciation of fair value of investments	\$ -	\$ 116,201	\$ 6,116	\$ -	\$ -	\$ 122,317