

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
FINANCIAL REPORT
June 30, 2011 and 2010

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Index
June 30, 2011 and 2010

	Page(s)
Independent Auditor’s Report	1
Management’s Discussion and Analysis	2
Basic Financial Statements	
Statements of Net Assets	7
Statements of Revenues, Expenses and Changes in Net Assets	9
Statements of Cash Flows	11
Notes to Basic Financial Statements	13
Supplementary Information (Year Ended June 30, 2011)	
Schedule of Expenditures of Federal Awards	32
Other Information (Unaudited)	
Schedule of Insurance in Force	33
Schedule of Net Revenue Available for Debt Service and Debt Coverage	34
Schedule of Funds on Deposit and Invested	35
Five-Year Construction in Progress	36
Monthly Enplaned Passengers	36
Average Daily Scheduled Flights	37
Airline Enplaned Passengers	38
Airline – Air Cargo Landed Weight	39



Independent Auditor's Report

Board of Trustees
Tulsa Airports Improvement Trust
Tulsa, Oklahoma

We have audited the accompanying basic financial statements of the Tulsa Airports Improvement Trust (the "Trust"), 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 the Trust'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 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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust, 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.

In accordance with *Government Auditing Standards*, we have also issued our reports for the years ended June 30, 2011 and 2010 dated December 5, 2011, and December 6, 2010, respectively, on our consideration of the Trust's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The accompanying management's discussion and analysis on pages 2 through 6 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Trust's basic financial statements. The schedule of expenditures of federal awards listed as supplementary information in the index is presented for the purposes of additional analysis and is not a required part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The other information as listed in the index has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

McGladrey & Pullen, LLP

Kansas City, Missouri
December 5, 2011

**Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Management's Discussion and Analysis
June 30, 2011 and 2010**

As management of the Tulsa Airports Improvement Trust (the "Trust"), we offer readers of the Trust's financial statements this narrative overview and analysis of the financial activities of the Trust for the fiscal years ended June 30, 2011 and 2010.

Following Management's Discussion and Analysis are the basic financial statements of the Trust together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements. We encourage readers to consider the information presented here in conjunction with the Trust's financial statements.

Airport Activities Highlights

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Enplaned Passengers	1,361,745	1,394,659	1,466,086
Airfreight Boarded (Tons)	54,167	57,990	59,743
Airline/Aircraft Movements (TIA)	108,473	110,698	121,811
Aircraft Movements - R.L. Jones Airport	207,051	218,435	305,793

The City's airports include Tulsa International Airport and R.L. Jones, Jr. Airport. As of June 30, 2011, there were fourteen scheduled passenger carriers, under five major brands serving Tulsa International airport, along with several charter carriers, and three integrated freight carriers.

Financial Position Summary as of June 30, 2011 (in thousands of dollars)

- The assets of the Trust exceeded liabilities at the close of the most recent year by \$245,330.
- Net assets increased \$9,073 from \$236,257 at June 30, 2010 to \$245,330 at June 30, 2011.
- Total liabilities decreased \$2,632 from \$169,907 at June 30, 2010 to \$167,275 at June 30, 2011.
- Cash and cash equivalents decreased \$16,609 from \$59,643 at June 30, 2010, to \$43,034 at June 30, 2011.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Management's Discussion and Analysis
June 30, 2011 and 2010

Financial Statements

The Trust's financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United State of America, promulgated by the Governmental Accounting Standards Board ("GASB"). The Trust is structured as a single-purpose business-type activity with revenues recognized when earned and expenses recognized when incurred. The Statement of Net Assets includes all of the Trust's assets and liabilities and provides information to creditors about the nature of available resources and outstanding obligations. All of the Trust's current year revenues and expenses are accounted for in the Statement of Revenue, Expenses, and Changes in Net Assets. The Statement of Cash Flows provides information about cash receipts, cash payments, and changes in cash resulting from operating, investing, and capital financing activities.

Condensed Statements of Net Assets

<i>(in thousands of dollars)</i>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assets			
Current and other assets	\$ 80,465	\$ 95,332	\$ 47,709
Capital assets, net	<u>332,140</u>	<u>310,832</u>	<u>302,294</u>
Total assets	<u>412,605</u>	<u>406,164</u>	<u>350,003</u>
Liabilities			
Current and other liabilities	11,059	6,461	8,438
Long-term debt outstanding	<u>156,216</u>	<u>163,446</u>	<u>115,288</u>
Total liabilities	<u>167,275</u>	<u>169,907</u>	<u>123,726</u>
Net assets			
Invested in capital assets, net of debt	185,183	173,259	184,984
Restricted	32,669	37,707	22,366
Unrestricted	<u>27,478</u>	<u>25,291</u>	<u>18,927</u>
Total net assets	<u>\$ 245,330</u>	<u>\$ 236,257</u>	<u>\$ 226,277</u>

The largest portion (75%) and (73%) of the Trust's net assets as of June 30, 2011 and 2010, respectively, represent investment in capital assets less related debt outstanding to acquire those capital assets. The Trust uses the capital assets to provide safe, secure and user-friendly services to its passengers and visitors at its airports. Although the Trust's investment in capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Management's Discussion and Analysis
June 30, 2011 and 2010

**Condensed Statements of Revenues,
Expenses and Changes in Net Assets**

<i>(in thousands of dollars)</i>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenues	\$ 31,505	\$ 31,267	\$ 32,087
Operating expenses, excluding depreciation and amortization	<u>(20,455)</u>	<u>(19,624)</u>	<u>(23,002)</u>
Operating income before depreciation and amortization	11,050	11,643	9,085
Depreciation and amortization	<u>(14,418)</u>	<u>(13,235)</u>	<u>(12,576)</u>
Operating loss	(3,368)	(1,592)	(3,491)
Nonoperating revenues and (expenses), net	(1,577)	(1,881)	(629)
Capital contributions and grants	<u>14,018</u>	<u>13,453</u>	<u>24,562</u>
Increase in net assets	<u>\$ 9,073</u>	<u>\$ 9,980</u>	<u>\$ 20,442</u>

- For the year ended June 30, 2011 operating revenues, which consist primarily of rents and services fees, increased .8% due to a slight increase in rates from the prior year as well as an increase in cargo related revenues. Less airline activity in fiscal year 2010, along with recessionary economic pressures, led to lower airline revenues and less passenger driven revenues for the year ended June 30, 2010. For the year ended June 30, 2010, operating revenues decreased 2.5%.
- Operating expenses, excluding depreciation and amortization, increased 4.2% for the year ended June 30, 2011 and decreased 14.7% for the year ended June 30, 2010, due to slight changes in the airport cost structure as directed by a new airline agreement that took effect in fiscal year 2008-2009.
- Nonoperating revenues (expenses), net improved 16.3% in 2011 due to increased rates associated with passenger facility charges and customer facility charges (rental cars), and a transfer from the primary government related to a grant received for energy efficient electrical upgrades; and decreased 199 % in 2010 due to increased interest from issuing debt as well as decreased passenger driven revenues for passenger facility charges and customer facility charges.
- Capital contributions, grants and charges increased 4.2% for the year ended June 30, 2011 due to additional grants earned; and decreased 45.2% for the year ended June 30, 2010, due to decreases in federal and state grants earned.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Management's Discussion and Analysis
June 30, 2011 and 2010

Summary of Cash Flow Activities

The following shows a summary of the major sources and uses of cash and cash equivalents. Cash equivalents are defined as any cash held in the City's internal pool and highly liquid investments with an original maturity of three months or less.

<i>(in thousands of dollars)</i>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Cash flows			
Provided by operating activities	\$ 10,967	\$ 10,739	\$ 9,157
Provided by non-capital and related financing activities	605	410	188
Provided by (used in) capital and related financing activities	(28,256)	32,167	(13,834)
Provided by (used in) investing activities	<u>75</u>	<u>(10,216)</u>	<u>318</u>
Net increase (decrease) in cash and cash equivalents	(16,609)	33,100	(4,171)
Cash and cash equivalents			
Beginning of year	<u>59,643</u>	<u>26,543</u>	<u>30,714</u>
End of year	<u>\$ 43,034</u>	<u>\$ 59,643</u>	<u>\$ 26,543</u>

Capital Assets (in thousands of dollars)

The Trust's investment in capital assets amounted to \$332,140 (net of accumulated depreciation). The Trust paid \$31,790 and \$24,172 related to the acquisition and construction of capital assets for the years ended June 30, 2011 and 2010, respectively.

<i>(in thousands of dollars)</i>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Land and improvements	\$ 314,691	\$ 304,647	\$ 276,017
Easements	64,885	59,832	52,417
Buildings	171,321	178,519	178,519
Equipment	<u>41,258</u>	<u>41,056</u>	<u>29,884</u>
	592,155	584,054	536,837
Less: Accumulated depreciation	(294,921)	(288,142)	(275,376)
Construction-in-progress	<u>34,906</u>	<u>14,920</u>	<u>40,833</u>
Capital assets, net	<u>\$ 332,140</u>	<u>\$ 310,832</u>	<u>\$ 302,294</u>

**Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Management's Discussion and Analysis
June 30, 2011 and 2010**

Long-Term Debt (in thousands of dollars)

At June 30, 2011, the Trust had outstanding long-term portion of general revenue bonds of \$144,171 and outstanding long-term portion of capital lease obligations of \$4,190. The bonds are collateralized by and payable from the revenues of the Trust. The Bonds mature per a set schedule with the last maturity occurring on June 1, 2031.

(in thousands of dollars)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Capital lease obligation	4,190	4,395	4,590
Revenue bonds	144,171	151,936	104,008
	<u>\$ 148,361</u>	<u>\$ 156,331</u>	<u>\$ 108,598</u>

The Trust's debt decreased by \$7,970, increased by \$47,733, and decreased by \$6,463 in fiscal years 2011, 2010 and 2009, respectively due to a decrease in annual debt service payments in 2011, and the issuance of debt in fiscal year 2010 (Series 2009A, B, C, D and Series 2010A & B).

Signatory Airline Rates and Charges

Under the Use and Lease Agreements between the airlines and the Trust, the airlines have agreed to pay rates, fees and charges determined prior to the beginning of each fiscal year in an amount sufficient (a) to pay 125% of the debt service on bonds secured by the bond indenture; (b) to pay operating expense for the next succeeding fiscal year; (c) to provide for any deficiencies in the funds or accounts held under the bond indenture other than the general account for the then current fiscal year; and (d) to provide for the estimated deposit to the Airport Special Reserve Fund. Each Use and Lease Agreement is for a five year term continuing until June 30, 2013.

Signatory Airline Terminal rental rates for fiscal years 2011, 2010 and 2009 ranged from \$36.67 to \$73.33 per square foot. Signatory landing fees were \$2.90, \$2.76 and \$2.35 per 1000 lbs for 2011, 2010 and 2009, respectively. Beginning in fiscal year 2009 terminal rents are calculated according to a modified commercial compensatory methodology. Prior years rates could be adjusted based on the change in the operating budget.

Economic Factors

The Tulsa Metropolitan Statistical Area (TMSA) was strengthened by the energy sector and a strong housing market during most of the current national economic recession. Nearly all other industry sectors in the TMSA showed declines in employment in 2009 and 2010. Local economists expect the TMSA to recover faster fiscal year 2011-2012 than the state and national economies.

Enplanements decreased 2.4% in fiscal year 2011 from fiscal year 2010 while total air freight tonnage declined 6.6%. Operations (take-offs and landings) at Tulsa International Airport declined 2% while operations at RL Jones, the reliever airport, declined 5.2%.

Contacting the Trust's Financial Management

Questions about this report or requests for additional financial information can be directed to the Deputy Airports Director, Finance and Administration, 7777 E. Apache St., Tulsa, OK 74115

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statements of Net Assets
June 30, 2011 and 2010

(in thousands of dollars)

	<u>2011</u>	<u>2010</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 15,687	\$ 15,502
Cash and cash equivalents - restricted	426	1,024
Receivables		
Trade, less allowance for doubtful accounts of \$20 for 2011 and \$34 for 2010	2,331	1,900
Federal grants receivable	4,963	3,557
Customer facility charges receivable	277	166
Inventory	1,283	1,166
Other current assets	39	50
Total current assets	<u>25,006</u>	<u>23,365</u>
Noncurrent assets		
Cash and cash equivalents - restricted	26,921	43,117
Investments	2,848	1,674
Investments - restricted	21,671	22,333
Passenger facility charges receivable - restricted	628	634
Accrued interest receivable - restricted	95	107
Deferred bond issue costs, net	2,756	3,560
Non-depreciable capital assets	169,502	144,463
Depreciable capital assets, net	162,638	166,369
Advance to primary government	127	127
Other	413	415
Total noncurrent assets	<u>387,599</u>	<u>382,799</u>
Total assets	<u>\$ 412,605</u>	<u>\$ 406,164</u>

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

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statements of Net Assets, continued
June 30, 2011 and 2010

(in thousands of dollars)

	<u>2011</u>	<u>2010</u>
Liabilities and net assets		
Current liabilities		
Accounts payable	296	449
Accounts payable - restricted	6,893	2,700
Customer deposits - restricted	102	70
Current portion of vested compensated absences	656	366
Unearned revenue	636	395
Current portion of bonds and capital lease obligation	7,855	7,115
Accrued interest payable - restricted	819	866
Total current liabilities	<u>17,257</u>	<u>11,961</u>
Noncurrent liabilities		
Vested compensated absences	320	639
Other postemployment benefits	976	829
Net pension obligation	361	147
Capital lease obligation - restricted	4,190	4,395
Bonds payable, net - restricted	144,171	151,936
Total noncurrent liabilities	<u>150,018</u>	<u>157,946</u>
Total liabilities	<u>167,275</u>	<u>169,907</u>
Net assets		
Invested in capital assets, net of related debt	185,183	173,259
Restricted for		
Debt service	26,632	26,333
Capital projects	5,986	11,323
Other purposes	51	51
Total restricted net assets	<u>32,669</u>	<u>37,707</u>
Unrestricted	27,478	25,291
Total net assets	<u>\$ 245,330</u>	<u>\$ 236,257</u>

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

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statements of Revenues, Expenses and Changes in Net Assets
June 30, 2011 and 2010

<i>(in thousands of dollars)</i>	<u>2011</u>	<u>2010</u>
Operating revenues		
Fuel sales fees	\$ 790	\$ 870
Terminal building rentals	11,658	11,572
Field and runways fees	6,763	6,415
Cargo fees	2,030	1,476
Ground rentals	2,531	2,664
Hangars and field buildings rentals	730	744
Motel commissions	295	266
Parking	6,708	6,556
Other	-	704
Total operating revenues	<u>31,505</u>	<u>31,267</u>
Operating expenses, excluding depreciation and amortization		
Building maintenance	6,410	5,761
Automotive maintenance	465	445
Field electrical	74	49
Field maintenance	839	781
General and administrative	4,367	5,032
Engineering	1,199	928
Operations	4,596	4,518
R. L. Jones	467	435
Cargo management	457	501
Parking	1,581	1,174
Total operating expenses, excluding depreciation and amortization	<u>20,455</u>	<u>19,624</u>
Operating income before depreciation and amortization	11,050	11,643
Depreciation and amortization	14,418	13,235
Operating loss	<u>(3,368)</u>	<u>(1,592)</u>

(continued)

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

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statements of Revenues, Expenses and Changes in Net Assets, continued
June 30, 2011 and 2010

<i>(in thousands of dollars)</i>	<u>2011</u>	<u>2010</u>
Nonoperating revenues (expenses)		
Investment income	575	890
Interest expense	(10,645)	(8,690)
Noncapital federal grants	155	-
Passenger facility charges	4,712	3,735
Customer facility charges	2,680	1,759
Payments from primary government	585	-
Gain (loss) on sale of capital assets	(125)	15
Other, net	486	410
Net nonoperating revenues (expenses)	<u>(1,577)</u>	<u>(1,881)</u>
Capital contributions and grants		
Federal grants	13,848	12,600
State grants	170	853
Total capital contributions and grants	<u>14,018</u>	<u>13,453</u>
Increase in net assets	9,073	9,980
Net assets, beginning of year	<u>236,257</u>	<u>226,277</u>
Net assets, end of year	<u>\$ 245,330</u>	<u>\$ 236,257</u>

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

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statements of Cash Flows
June 30, 2011 and 2010

<i>(in thousands of dollars)</i>	2011	2010
Cash flows from operating activities		
Cash received from customers, including cash deposits	\$ 31,315	\$ 30,461
Cash payments to suppliers for goods and services	(12,004)	(11,826)
Cash payments to employees for services	(8,344)	(7,896)
Net cash provided by operating activities	10,967	10,739
Cash flows from non-capital and related financing activities		
Proceeds from non-capital grants, donations and reimbursements	142	60
Proceeds from litigation settlement	463	350
Net cash provided by non-capital and related financing activities	605	410
Cash flows from capital and related financing activities		
Construction and purchase of capital assets	(31,790)	(24,172)
Interest paid on revenue bonds	(9,780)	(8,002)
Passenger facility charge received	4,718	3,676
Customer facility charge received	2,569	1,754
Proceeds from sale of revenue bonds	13,520	137,558
Principal paid on revenue bonds	(20,440)	(88,505)
Principal paid on capital lease	(195)	(190)
Bond issue costs	(223)	(2,049)
Proceeds from sale of capital assets	132	63
Payments from primary government	585	-
Proceeds from state capital grants	170	853
Proceeds from federal capital grants	12,478	11,181
Net cash provided (used) by capital and related financing activities	(28,256)	32,167
Cash flows from investing activities		
Purchase of investments	(49,310)	(28,650)
Proceeds from sale of investments	48,326	17,676
Interest received on investments	1,059	758
Net cash provided (used) by investing activities	75	(10,216)
Net increase (decrease) in cash and cash equivalents	(16,609)	33,100
Cash and cash equivalents		
Beginning of year	59,643	26,543
End of year	\$ 43,034	\$ 59,643

(continued)

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

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statements of Cash Flows, continued
June 30, 2011 and 2010

(in thousands of dollars)

	<u>2011</u>	<u>2010</u>
Reconciliation of Cash and Cash Equivalents to the Statements of Net Assets		
Current unrestricted cash and cash equivalents	\$ 15,687	\$ 15,502
Current restricted cash and cash equivalents	426	1,024
Noncurrent restricted cash and cash equivalents	<u>26,921</u>	<u>43,117</u>
 Total cash and cash equivalents	 <u>\$ 43,034</u>	 <u>\$ 59,643</u>

Reconciliation of operating loss to net cash provided by operating activities

Operating loss	\$ (3,368)	\$ (1,592)
Adjustments to reconcile operating activities to net cash		
Depreciation and amortization	14,418	13,235
Increase in accounts receivable, trade	(431)	(589)
Increase in inventory	(117)	(43)
(Increase) decrease in other current assets	11	(350)
Increase in other assets	211	233
Increase (decrease) in deferred revenue	241	(217)
Increase in accounts payable and accrued liabilities	2	62
Net cash provided by operating activities	<u>\$ 10,967</u>	<u>\$ 10,739</u>

Noncash capital and investing activities:

Capital asset acquisitions included in accounts payable	<u>\$ 6,892</u>	<u>\$ 2,699</u>
Appreciation of fair value of investments	<u>\$ 472</u>	<u>\$ 48</u>

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

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements
June 30, 2011 and 2010

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

NATURE OF BUSINESS - The Tulsa Airports Improvement Trust (the "Trust") was organized in 1967 as a public trust with the City of Tulsa (the "City") as its sole beneficiary. The Trust's purpose is to operate, maintain, construct, improve and/or lease airport facilities serving the City and to incur indebtedness as may be necessary to provide such facilities. Any indebtedness is payable solely from revenues of the Trust, as it has no authority to levy taxes. Under federal guidelines, all revenues generated by the Airports must be used for airport purposes.

Effective October 1, 1978, and as thereafter amended, the Trust and the City entered into a lease agreement whereby the City, acting by and through the Tulsa Airport Authority (the "TAA"), leased and assigned all airport properties and equipment (except police and emergency fire heliports of the City) and the income derived there from to the Trust under a long-term lease agreement.

Effective July 1, 1989, the lease by and between the City and the Trust was further amended to provide for the operation and maintenance of the airports on a day-to-day basis by the TAA. The lease provides for a nominal annual lease payment to the City. The term of the lease, as amended on July 1 2008, extends through June 30, 2012, or until all bonds are retired. In the absence of a default on the lease, the Trustees have the option to extend the term of the lease for an additional 25 years.

The accompanying financial statements include the accounts and activity of the Trust and the TAA.

REPORTING ENTITY- TAIT and TAA trustees are appointed by the Mayor and approved by City Council. The Authority is a component unit of the City and is included in the City's comprehensive annual report as a discretely presented component unit.

BASIS OF ACCOUNTING AND PRESENTATION- The financial statements of the Trust 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.

The financial statements of the Trust 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 expense include exchange transactions. Investment income and voluntary nonexchange transactions are included in nonoperating revenues and expenses.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued
June 30, 2011 and 2010

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

CASH AND CASH EQUIVALENTS – Cash and cash equivalents balances, other than petty cash and non-pooled deposits and 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 the Trust’s average daily equity in the pooled portfolio to the total average daily pooled portfolio balance.

The Trust considers all highly liquid debt instruments with an original maturity of three months or less and any cash and investments held by the City of Tulsa’s internal pool to be cash equivalents.

INVESTMENTS - Investments consist of obligations of the U.S. Treasury and various federal agencies and instrumentalities, investment agreements with financial institutions and money market funds. These investments are held by bond trustees and invested in accordance with the requirements and terms of various bond indentures. The Trust 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.

INVENTORIES - Inventories consist principally of consumable supplies and replacement parts for fixtures and equipment. Inventories are stated at the lower of cost (first-in, first-out) or market.

CAPITAL ASSETS - Capital assets are carried at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, which range from 20 to 50 years for buildings, 5 to 20 years for roads, ramps, and runways, 3 to 20 years for equipment, and 1 to 20 years for leasehold improvements. When assets are retired or otherwise disposed, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in nonoperating revenues and expenses. Costs of maintenance and repairs are charged to expense as incurred; significant renewals and betterments are capitalized. Interest incurred during construction periods is capitalized and included in the cost of capital assets. There were no amounts of interest capitalized in fiscal years 2011 or 2010.

LESSEE-FINANCED IMPROVEMENTS - Certain leases include provisions whereby lessee-financed improvements become the property of the Trust. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the Trust records lessee-financed improvements at cost or estimated cost upon completion of construction or upon the asset being placed in service, whichever occurs first.

BOND ISSUANCE COST - Bond issuance costs are amortized on a method which approximates the effective interest method over the life of the bonds to which they relate.

BOND DISCOUNTS/PREMIUMS - Discounts/premiums on revenue bonds, including any deferred losses from refinancing, are being accreted/amortized using the interest method over the life of the bonds to which they relate.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued
June 30, 2011 and 2010

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

VESTED COMPENSATED ABSENCES - Vacation leave is granted to all regular and part-time employees. The annual amount of vacation time accrued varies from 13 to 24 days depending upon years of service. The maximum amount of vacation time that may be accumulated is twice the amount which may be earned in one calendar year. Accumulated vacation leave vests and the Trust is obligated to make payment even if the employee terminates. The liability for compensated absences attributable to the Trust is charged to operating expenses.

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 rental payments.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) - Postemployment benefits (OPEB as well as pensions) are part of an exchange of salaries and benefits for employee services rendered. Of the total benefits offered by employers to attract and retain qualified employees, some benefits, including salaries and active-employee healthcare, are taken while the employees are in active service, whereas other benefits, including post-employment healthcare and other OPEB, are taken after the employees' services have ended. Nevertheless, both types of benefits constitute compensation for employee services. The Trust accounts for annual postemployment costs on an accrual basis, charging expenses in the period incurred with a corresponding liability for benefits paid in future periods.

FEDERAL GRANTS - Contributions resulting from federal grants are generally restricted for the acquisition or construction of property and equipment. Funding provided from government grants is considered earned as the related approved capital outlays or expenses are incurred. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency.

NET ASSETS - Net Assets of the Trust represent the difference between assets and liabilities. The net assets of the Trust are comprised of these categories:

INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT - reflects the Trust's investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. Invested in capital assets, net of related debt, excludes unspent bond proceeds of \$16,152,000 and \$28,573,000 as of June 30, 2011 and 2010, respectively. The Trust uses these capital assets to provide services to the public; consequently, these assets are not available for future spending.

RESTRICTED NET ASSETS - represent resources that are subject to enabling legislation adopted by the Trust or through external restrictions imposed by creditors, grantors or, laws or regulations of other governments.

UNRESTRICTED NET ASSETS - represent remaining assets less remaining liabilities that do not meet the definition of invested capital assets, net of related debt or restricted.

The Trust first applies restricted net assets when an expense or outlay is incurred for purposes for which both restricted and unrestricted net assets are available.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued
June 30, 2011 and 2010

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

FEDERAL INCOME TAXES - The Trust, as a political subdivision of the State of Oklahoma with the City of Tulsa as beneficiary, is excluded from taxation under Section 115(1) of the Internal Revenue Code.

REVENUE AND EXPENSES - Operating revenues consist principally of landing and operating fees charged to airlines using the airport facilities, fuel sales fees, parking fees, and concession rentals. Long-term use and lease agreements govern the rates charged to the major airlines using the airport. Under the terms of these agreements, the airlines have agreed to pay amounts which, when combined with other revenues, will be sufficient to pay operating and maintenance costs of the airports and the annual debt service on the Trust's outstanding revenue bonds for which the Trust's revenues are pledged as collateral.

Operating expenses consist of all costs incurred to administer the airport system, including depreciation and amortization of capital assets. All revenues and expenses not meeting these descriptions are considered nonoperating revenues and expenses or capital grants, contributions and charges.

PASSENGER FACILITY CHARGE - Under a Record of Decision, the Federal Aviation Administration ("FAA") grants the Trust approval to impose and use a Passenger Facility Charge ("PFC") of \$3.00 per enplaned passenger on flights originating from Tulsa. Effective August 1, 1992, the Trust began the assessment of a \$3.00 PFC, which increased to \$4.50 in November 2010. The charge is collected by all carriers and remitted to the Trust, less a minor handling fee. The proceeds from the PFC are restricted for use by the Trust for certain FAA-approved capital improvement projects. PFC revenues are reflected in nonoperating revenues and are recognized as earned. As of January 1, 1997, the authority to collect PFC's through June 1, 2000 was granted by the FAA. This was extended through April 1, 2011. In September 2010, the Trust received approval from the FAA to impose and use \$7,875,712 in PFC's for various capital-related purposes. The effective date of the approval is April 1, 2010 and the expiration date for collections has been extended to September 1, 2026. With this approval, the Trust's approved cumulative collection and use total increases to \$142,289,005.

CUSTOMER FACILITY CHARGE - Effective July 1, 2004, the Trust began the assessment of a Customer Facility Charge ("CFC"). The charge was initially \$2.60 per rental car transaction per day and may be adjusted periodically by the Trust. Effective August 1, 2010, this rate increased to 4.00. The charge is collected by all rental car concessionaires and remitted to the Trust. The proceeds from the CFC are designated for use by the Trust for certain rental car capital improvement projects, industry operating costs, and debt service requirements. CFC revenues are reflected in nonoperating revenues.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued
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.

RECLASSIFICATIONS - Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 financial statement presentation. These reclassifications had no effect on changes in net assets.

2. **CASH AND INVESTMENTS**

POOLED CASH AND INVESTMENTS - The Trust maintains a portion of its cash and investments with the City's pooled cash and investments account. Pooled cash and investments consist primarily of time deposits and United States Government agency and instrumentality securities, and are reported at the fair value of the pooled shares. At June 30, 2011 and 2010, the pooled cash and investments, which are reflected on the Trust's statement of net assets within cash and cash equivalents, amounted to \$2,746,946 and \$4,950,587, respectively. The pooled cash and investments balance at June 30, 2011 and 2010, was comprised of investments that were collateralized by securities that were held by the pledging financial institution, or by its trust department or agent, but not in the City's name.

NON-POOLED DEPOSITS - Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Trust's deposit policy for custodial credit risk requires compliance with the provisions of state law and that demand deposits be collateralized at least 110% of the amount that is not federally insured. At June 30, 2011 and 2010 there were no amounts uninsured or with insufficient collateral pledged to meet the requirement.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued
June 30, 2011 and 2010

2. **CASH AND INVESTMENTS, continued**

NON-POOLED INVESTMENTS - In accordance with the bond indentures and state statutes, authorized investments consist of obligations of the U.S. Treasury, agencies and instrumentalities, certain municipal bonds, and money market mutual funds.

The Trust's non-pooled investments as of June 30, 2011 and 2010 are as follows:

(in thousands of dollars)

Type	Fair Value	June 30, 2011			
		Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. agency and instrumentality obligations	\$ 26,399	\$ -	\$ -	\$ 25,588	\$ 811
State and local government securities (SLUG)	690	-	-	-	690
Money market mutual funds	18,797	18,797	-	-	-
	<u>\$ 45,886</u>	<u>\$ 18,797</u>	<u>\$ -</u>	<u>\$ 25,588</u>	<u>\$ 1,501</u>

(in thousands of dollars)

Type	Fair Value	June 30, 2010			
		Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. agency and instrumentality obligations	\$ 21,650	\$ -	\$ -	\$ 21,632	\$ 18
State and local government securities (SLUG)	690	-	-	-	690
Money market mutual funds	26,270	26,270	-	-	-
	<u>\$ 48,610</u>	<u>\$ 26,270</u>	<u>\$ -</u>	<u>\$ 21,632</u>	<u>\$ 708</u>

INTEREST RATE RISK – The Trust does not have a formal policy limiting its exposure to fair value losses arising from rising interest rates.

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 – Bond requirements limit the type of restricted investments that can be acquired and unrestricted investments are in U.S. Treasury money market mutual funds. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued
June 30, 2011 and 2010

2. **CASH AND INVESTMENTS, continued**

CREDIT RISK – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfil its obligations. The Trust utilizes the City of Tulsa investment policy to limit its exposure to credit risks.

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 – At June 30, 2011 and 2010, the Authority’s investments in U. S. agencies obligations not directly guaranteed by the U. S. government were rated AAA by Standard & Poor’s and Moody’s Investors Service, and the Authority’s money market mutual funds were rated AAAM and Aaa by Standard & Poor’s and Moody’s Investment Services, respectively.

CUSTODIAL CREDIT RISK – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust 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 pooled investments as of June 30, 2011 and 2010 was exposed to custodial credit risk.

Non-pooled deposits and investments – The Trust’s deposit policy for custodial credit risk requires compliance with provisions of state law and that demand deposits be collateralized at least 110% of the amount that is not federally insured. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the Trust’s investments in U.S. agency obligations at June 30, 2011 and 2010, are insured or registered or securities held by the Trust or by its agent in the Trust’s name.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued
June 30, 2011 and 2010

2. **CASH AND INVESTMENTS, continued**

CONCENTRATION OF CREDIT RISK – The Trust places no limit on the amount that may be invested in any one issuer.

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 – At June 30, 2011, the Trust’s investment in Federal Home Loan Bank (FHLB) constituted 56% of its total investments. At June 30, 2010, the Trust’s investment in Federal Home Loan Mortgage Corporation (FHLMC) and FHLB constituted 16% and 12%, respectively, of its total investments. Mutual funds are not subject to concentration of credit risk disclosure.

RECONCILIATION TO STATEMENTS OF NET ASSETS - A reconciliation of pooled cash and investments, non-pooled deposits and non-pooled investments to the fair values at June 30, 2011 and 2010 is as follows:

<i>(in thousands of dollars)</i>	<u>2011</u>	<u>2010</u>
Pooled cash and investments	\$ 2,747	\$ 4,951
Non-pooled cash and deposits	18,920	30,089
Non-pooled investments	45,886	48,610
	<u>\$ 67,553</u>	<u>\$ 83,650</u>
Current cash and cash equivalents	\$ 15,687	\$ 15,502
Current restricted cash and cash equivalents	426	16,149
Noncurrent restricted cash and cash equivalents	26,921	27,992
Noncurrent unrestricted investments	2,848	1,674
Noncurrent restricted investments	21,671	22,333
	<u>\$ 67,553</u>	<u>\$ 83,650</u>

3. **FEDERAL GRANTS**

Federal grants receivable represent the earned portions, based on the related expenditures, of various grants that have not been remitted by the grantor. The unexpended portions of such grants are properly not reflected in the financial statements and as of June 30, 2011 and 2010, totaled \$11,534,184 and \$16,218,721, respectively, for the Trust.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued
June 30, 2011 and 2010

4. **CAPITAL ASSETS**

The changes in capital assets during 2011 and 2010 are summarized as follows:

2011: <i>(in thousands of dollars)</i>	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital assets not being depreciated					
Land	\$ 69,711	\$ -	\$ -	\$ -	\$ 69,711
Easements	59,832	5,053	-	-	64,885
Construction-in-progress	14,920	30,182	-	(10,196)	34,906
Total capital assets not being depreciated	<u>144,463</u>	<u>35,235</u>	<u>-</u>	<u>(10,196)</u>	<u>169,502</u>
Capital assets being depreciated					
Land improvements	234,936	-	-	10,044	244,980
Buildings	178,519	-	(7,198)	-	171,321
Equipment	41,056	748	(698)	152	41,258
Total capital assets being depreciated	<u>454,511</u>	<u>748</u>	<u>(7,896)</u>	<u>10,196</u>	<u>457,559</u>
Accumulated depreciation					
Land improvements	156,158	7,698	-	-	163,856
Buildings	108,883	4,862	(7,048)	-	106,697
Equipment	23,101	1,858	(591)	-	24,368
Total accumulated depreciation	<u>288,142</u>	<u>14,418</u>	<u>(7,639)</u>	<u>-</u>	<u>294,921</u>
Total capital assets being depreciated, net	<u>166,369</u>	<u>(13,670)</u>	<u>(257)</u>	<u>10,196</u>	<u>162,638</u>
Capital assets, net	<u>\$ 310,832</u>	<u>\$ 21,565</u>	<u>\$ (257)</u>	<u>\$ -</u>	<u>\$ 332,140</u>
2010: <i>(in thousands of dollars)</i>	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital assets not being depreciated					
Land	\$ 69,711	\$ -	\$ -	\$ -	\$ 69,711
Easements	52,417	7,415	-	-	59,832
Construction-in-progress	40,833	13,839	-	(39,752)	14,920
Total capital assets not being depreciated	<u>162,961</u>	<u>21,254</u>	<u>-</u>	<u>(39,752)</u>	<u>144,463</u>
Capital assets being depreciated					
Land improvements	206,306	-	-	28,630	234,936
Buildings	178,519	-	-	-	178,519
Equipment	29,884	567	(517)	11,122	41,056
Total capital assets being depreciated	<u>414,709</u>	<u>567</u>	<u>(517)</u>	<u>39,752</u>	<u>454,511</u>
Accumulated depreciation					
Land improvements	149,247	6,911	-	-	156,158
Buildings	104,276	4,607	-	-	108,883
Equipment	21,853	1,717	(469)	-	23,101
Total accumulated depreciation	<u>275,376</u>	<u>13,235</u>	<u>(469)</u>	<u>-</u>	<u>288,142</u>
Total capital assets being depreciated, net	<u>139,333</u>	<u>(12,668)</u>	<u>(48)</u>	<u>39,752</u>	<u>166,369</u>
Capital assets, net	<u>\$ 302,294</u>	<u>\$ 8,586</u>	<u>\$ (48)</u>	<u>\$ -</u>	<u>\$ 310,832</u>

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued
June 30, 2011 and 2010

5. REVENUE BONDS PAYABLE AND OTHER LONG-TERM LIABILITIES

The changes in revenue bonds payable and other long-term liabilities during 2011 can be summarized as follows:

(in thousands of dollars)

Series and Maturity Dates	Issue Amount	Interest Rate	Beginning Balance	Increase	Decrease	Ending Balance	Portion Due Within One Year
Revenue bonds							
Series 1999B, 2026	14,665	5.5 - 6.125%	\$ 7,850	\$ -	\$ (7,850)	\$ -	\$ -
Series 2000A, 2020	11,000	6.00%	7,345	-	(2,345)	5,000	-
Series 2001A, 2017	54,000	5.20%	3,000	-	(3,000)	-	-
Series 2004A, 2018	17,800	3.25 - 5.00%	12,245	-	(1,280)	10,965	1,345
Series 2004B, 2017	2,200	4.95%	1,400	-	(200)	1,200	200
Series 2009A, 2024	42,705	3.0 - 5.375%	39,620	-	(2,170)	37,450	2,235
Series 2009B, 2031	25,865	3.0 - 5.75%	25,865	-	(910)	24,955	930
Series 2009C, 2023	4,020	3.00 - 6.00%	4,000	-	(30)	3,970	30
Series 2009D, 2031	56,615	2.726 - 7.114%	53,620	-	(945)	52,675	990
Series 2010A, 2021	5,770	4.57 - 5.00%	5,770	-	-	5,770	275
Series 2010B, 2021	8,215	6.00 - 6.50%	8,215	-	(500)	7,715	640
Series 2010C, 2025	13,520	4.00 - 5.25%	-	13,520	(1,210)	12,310	1,005
Total revenue bonds payable			168,930	13,520	(20,440)	162,010	7,650
Unamortized loss			10,196	423	(711)	9,909	-
Unamortized discount (premium)			(122)	20	382	280	-
Total unamortized loss/discount (premium)			10,074	443	(329)	10,189	-
Total revenue bonds payable, net			158,856	13,077	(20,111)	151,821	7,650
Other long-term liabilities							
Capital lease			4,590	-	(195)	4,395	205
Other postemployment benefits			829	147	-	976	-
Vested compensated absences			1,005	719	(748)	976	656
Net pension obligation			147	214	-	361	-
Total other long-term liabilities			6,571	1,080	(943)	6,708	861
Total long-term liabilities			\$ 165,427	\$ 14,157	\$ (21,054)	\$ 158,529	\$ 8,511

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued
June 30, 2011 and 2010

5. **REVENUE BONDS PAYABLE AND OTHER LONG-TERM LIABILITIES, continued**

The changes in revenue bonds payable and other long-term liabilities during 2010 can be summarized as follows:

(in thousands of dollars)

Series and Maturity Dates	Issue Amount	Interest Rate	Beginning Balance	Increase	Decrease	Ending Balance	Portion Due Within One Year
Revenue bonds							
Series 1997B, 2017	32,835	7.05%	\$ 28,695	\$ -	\$ (28,695)	\$ -	\$ -
Series 1999A, 2021	8,145	5.25 - 6.00%	5,830	-	(5,830)	-	-
Series 1999B, 2026	14,665	5.5 - 6.125%	8,775	-	(925)	7,850	350
Series 1999C, 2021	10,265	7.25 - 7.75%	7,765	-	(7,765)	-	-
Series 2000A, 2020	11,000	6.00%	7,850	-	(505)	7,345	535
Series 2001A, 2017	54,000	5.20%	3,000	-	-	3,000	-
Series 2003, 2023	30,400	3.50%	10,180	-	(10,180)	-	-
Series 2004A, 2018	17,800	3.25 - 5.00%	13,465	-	(1,220)	12,245	1,280
Series 2004B, 2017	2,200	4.95%	1,525	-	(125)	1,400	200
Series 2007A, 2018	2,955	5.00%	2,955	-	(2,955)	-	-
Series 2007B, 2019	4,050	5.125%	4,050	-	(4,050)	-	-
Series 2007C, 2020	20,220	2.50%	20,155	-	(20,155)	-	-
Series 2009A, 2024	42,705	3.0 - 5.375%	-	42,705	(3,085)	39,620	2,170
Series 2009B, 2031	25,865	3.0 - 5.75%	-	25,865	-	25,865	910
Series 2009C, 2023	4,020	3.00 - 6.00%	-	4,020	(20)	4,000	30
Series 2009D, 2031	56,615	2.726 - 7.114%	-	56,615	(2,995)	53,620	945
Series 2010A, 2021	5,770	4.57 - 5.00%	-	5,770	-	5,770	-
Series 2010B, 2021	8,215	6.00 - 6.50%	-	8,215	-	8,215	500
Total revenue bonds payable			114,245	143,190	(88,505)	168,930	6,920
Unamortized loss			4,312	6,399	(515)	10,196	-
Unamortized discount (premium)			(575)	286	167	(122)	-
Total unamortized loss/discount (premium)			3,737	6,685	(348)	10,074	-
Total revenue bonds payable, net			110,508	136,505	(88,157)	158,856	6,920
Other long-term liabilities							
Capital lease			4,780	-	(190)	4,590	195
Other postemployment benefits			661	168	-	829	-
Vested compensated absences			1,004	327	(326)	1,005	366
Net pension obligation			-	147	-	147	-
Total other long-term liabilities			6,445	642	(516)	6,571	561
Total long-term liabilities			\$ 116,953	\$ 137,147	\$ (88,673)	\$ 165,427	\$ 7,481

Pursuant to an original bond indenture dated December 1, 1984 and various supplemental bond indentures (the "Indentures"), the Trust has issued revenue bonds for the purpose of constructing improvements to the airport facilities and refunding prior issues of revenue bonds. The bonds issued are collateralized by and payable from the revenues of the Trust. The Indentures provide, among other things, for the establishment of certain restricted accounts for the receipt and expenditure of the bond proceeds and for the pledged revenues to be administered by a trustee bank.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued
June 30, 2011 and 2010

5. **REVENUE BONDS PAYABLE AND OTHER LONG-TERM LIABILITIES**, continued

The Indentures require the Trust to charge fees for the use and services of the airport to make the Trust self-sufficient and self-sustaining. Amounts charged and collected by the Trust for use and services of the airport are required to yield gross revenues in an amount at least equal to the sum of 1.25 times debt service, operating expenses, any deficiencies in the bond funds or accounts and an amount required to be transferred into a reserve fund. Transfers from certain reserve accounts can be considered revenue for purposes of the gross revenue test.

REVENUES PLEDGED - The Trust has pledged future gross revenues derived from the operation of the airports to repay approximately \$187,710,000 in revenue bonds issued. Proceeds from the bonds provided financing for various capital projects and debt refundings. The bonds are payable solely from gross revenues and are payable through 2031. Annual principal and interest payments on the bonds required 38% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$262,498,000. Principal and interest paid for the year was \$17,220,000, exclusive of the debt refunding. Total gross revenues were \$45,916,678.

ECONOMIC GAIN/LOSS ON REFUNDING – General Revenue Bonds, Refunding Series 2010C – On November 10, 2010 the Trust issued the Series 2010 Revenue Bonds in the amount of \$13,520,000. The proceeds of this issue were used to complete a current refunding of the Trusts Series 1999B, 2001 and 2000A in part. This transaction will reduce debt service payments by approximately \$1,391,000 over the next 16 years and result in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$747,000. This refunding resulted in a deferred accounting loss of \$423,212 which will be amortized over the life of the new bonds.

ECONOMIC GAIN/LOSS ON REFUNDING – General Revenue Bonds, Refunding Series 2010A and 2010B – On May 5, 2010 the Trust issued the Series 2010 Revenue Bonds in the amount of \$13,985,000. The proceeds of this issue were used to complete a current refunding of the Trusts Series 1999A and 1999C. This transaction will reduce debt service payments by approximately \$790,000 over the next 11 years and result in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$994,000. This refunding resulted in a deferred accounting loss of \$224,474, which will be amortized over the life of the new bonds.

ECONOMIC GAIN/LOSS ON REFUNDING – General Revenue Bonds, Refunding Series 2009B, 2009C, and 2009D – On December 10, 2009 the Trust issued the Series 2009 Revenue Bonds in the amount of \$86,500,000. The proceeds of this issue were used to complete a current refunding of the Trusts Series 1997B, Series 2003, and Series 2007ABC. This refunding resulted in a deferred accounting loss of \$6,174,347, which will be amortized over the life of the new bonds. Neither the economic gain/loss nor the increase/decrease in future debt service payments is known since some of the debt refunded had variable interest rates.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued
June 30, 2011 and 2010

5. **REVENUE BONDS PAYABLE AND OTHER LONG-TERM LIABILITIES**, continued

DEFEASED DEBT - Series 1997B Revenue Bonds – The Trust has placed the proceeds of refunding bonds in irrevocable escrow accounts held and managed by bank trustees, and invested in U.S. Treasury obligations, the principal and interest on which would provide amounts sufficient to pay the principal and interest on the defeased bonds in accordance with the schedule of remaining payments due. Accordingly, the escrow accounts and the defeased bonds are not included in the Trust’s financial statements. The defeased bonds outstanding and considered extinguished for the 1997B Revenue bonds at June 30, 2011 was \$22,465,000.

FUTURE MATURITIES

Future maturities of revenue bonds are as follows:

(in thousands of dollars)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 7,650	\$ 9,092	\$ 16,742
2013	8,170	8,833	17,003
2014	8,495	8,529	17,024
2015	9,995	8,183	18,178
2016	10,395	7,746	18,141
2017-2021	48,420	31,312	79,732
2022-2026	36,690	19,055	55,745
2027-2031	32,195	7,738	39,933
	<u>\$ 162,010</u>	<u>\$100,488</u>	<u>\$ 262,498</u>

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued
June 30, 2011 and 2010

6. **CAPITAL LEASE OBLIGATION**

On September 30, 2003, the Trust entered into a \$6,935,000 capital lease obligation to finance the purchase of certain energy efficient equipment and services, canopies in certain parking areas and computer equipment. The obligation is payable in amounts ranging from \$80,000 to \$540,000 annually from October 2004 to October 2023. Interest on the obligation is payable semiannually at rates ranging from 2.0% to 6.0%. The obligations due on or after October 1, 2013 are subject to redemption at the option of the Trust, at a price equal to the principal amount plus any accrued interest. The gross amounts of capital assets and related accumulated depreciation recorded under these capital leases at June 30, 2011 and 2010 follows:

<i>(in thousands of dollars)</i>	<u>2011</u>	<u>2010</u>
Capital lease proceeds	\$ 6,935	\$ 6,935
Unspent proceeds	(691)	(726)
Purchases less than capitalization threshold	<u>(645)</u>	<u>(610)</u>
Capital assets	5,599	5,599
Accumulated depreciation	<u>(1,140)</u>	<u>(995)</u>
	<u>\$ 4,459</u>	<u>\$ 4,604</u>

The present value of future minimum capital lease payments at June 30, 2011 follows:

<i>(in thousands of dollars)</i>	
2012	\$ 445
2013	445
2014	444
2015	447
2016	445
2017 - 2021	2,218
2022 - 2025	<u>1,995</u>
Total minimum lease payments	6,439
Amounts representing interest	<u>(2,044)</u>
Present value of minimum lease payments	<u>\$ 4,395</u>

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued
June 30, 2011 and 2010

7. CONDUIT DEBT OBLIGATIONS

To pay the costs of certain modifications, rehabilitations, and reconstruction to a special facility located adjacent to Tulsa International Airport, the Trust has issued a series of Special Facility Revenue Bonds. At June 30, 2011 and 2010, Special Facility Revenue Bonds outstanding aggregated \$10,120,000. The obligations are payable solely from and collateralized by a pledge of rentals to be received from a lease agreement between the airport and Biz Jet International. The bonds do not constitute a debt or pledge of the faith and credit of the Trust, the City, or the State and, accordingly, they have not been reported in the accompanying financial statements.

8. MUNICIPAL EMPLOYEES' PENSION FUND

The Trust contributes to the Municipal Employees Pension System (the "Plan"), a cost-sharing multiple-employer defined benefit pension plan administered by the City of Tulsa, Oklahoma. The Plan was established by the City in accordance with the City Charter and State Statutes. Nonuniform, nonelected full-time employees of TAA along with other employees of the City of Tulsa and certain related agencies participate in this plan immediately upon employment. Employees become 100% vested after five years of employment.

Pension provisions include death benefits for the surviving spouse. The Plan does not provide a monthly income for disabled participants; however, under certain conditions, employees who become disabled may be eligible to receive their full retirement at age 65 even though they were unable to work up to the retirement age.

The authority to establish and amend requirements of the Plan is set forth in the City Charter and State Statutes and is vested in the Plan's board of trustees, which are appointed by the Mayor with approval of the City Council. Plan members are required to contribute 4.0% of their annual covered salary. The Trust is required to contribute at an actuarially determined rate; the rate was 10.48%, 8.99% and 6.3% for the years ended 2011, 2010 and 2009. The Trust's contributions to the Plan for 2011, 2010 and 2009 were \$358,000, \$370,000 and \$380,000, respectively, which equalled 65%, 73% and 100% of the actuary required contribution each year. The difference between the required contributions to the Plan and the actual contributions made by the Trust was \$214,000 and \$147,000 as of June 30, 2011 and 2010, respectively.

The Plan is reported as a Pension Trust Fund in the City's 2011 Comprehensive Annual Financial Report. The Plan does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or a report of another entity.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued
June 30, 2011 and 2010

9. OTHER POSTEMPLOYMENT BENEFITS

The City provides postemployment healthcare benefits for retired employees and their dependents through the City of Tulsa Post-retirement Medical Plan (the "Plan"), a single-employer defined benefit healthcare plan. The benefits, coverage levels, employee contributions and employer contributions are governed by the City through its personnel and union contracts.

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

The actuarial valuation of the liabilities under the Plan is calculated using the entry age normal cost method as of the July 1, 2010 and 2009 actuarial valuations. This method requires the calculation of an unfunded actuarial accrued liability, which was approximately \$34,166,000 and \$33,852,000 for the City as of June 30, 2011 and 2010, respectively. The Authority's portion of the unfunded actuarial liability is not separately determinable.

The City's actuarial determined annual required contribution (ARC) for fiscal year ending June 30, 2011 and 2010 was \$3,219,000 and \$3,239,000, of which \$536,693 and \$522,000 was paid on a pay-as-you-go basis in 2011 and 2010, respectively. The Trust was allocated \$976,127 and \$829,000 of the net obligation for the fiscal year ending June 30, 2011 and 2010, respectively, which has been reflected in the financial statements. The amount allocated to the Trust is based on the percentage of the Trust's payroll cost compared to the total payroll cost of the active eligible employees. The complete details of the plan are disclosed in the City's Comprehensive Annual Financial Report.

10. RENTAL INCOME FROM OPERATING LEASES

The Trust leases space in the Tulsa International Airport terminal along with other land and buildings on a fixed fee as well as contingent rental basis. Many of the leases provide for a periodic review and predetermination of the rental amounts. Substantially all capital assets are held by the Trust for the purpose of rental or related use.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued
June 30, 2011 and 2010

10. **RENTAL INCOME FROM OPERATING LEASES, continued**

Minimum future rentals under non-cancellable operating leases as of June 30, 2011, are as follows:

(In thousands of dollars)

2012	\$ 8,917
2013	8,670
2014	4,233
2015	3,629
2016	3,437
2017 - 2021	2,383
2022 - 2026	1,803
2027 - 2031	1,606
2032 - 2036	901
2037 - 2041	626
2042 - 2046	125
2047 - 2048	<u>125</u>
	<u>\$ 36,455</u>

11. **RISK MANAGEMENT**

The City's risk management activities are recorded in the Employee Insurance Fund. The purpose of the fund is to administer the workers' compensation, health, and dental insurance programs of the City. The Trust participates in the City's insurance programs through payment for services and assumes no liability. The City retains all risk of loss for workers' compensation while all other major insurance programs are covered by commercial insurance. There have been no significant reductions in insurance coverage for insured programs. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

12. **COMMITMENTS AND CONTINGENCIES**

As of June 30, 2011, the Trust had open commitments for construction projects of approximately \$22,050,000.

There are other various suits and claims pending against the Trust which have arisen in the course of operating the Trust. Management believes any losses resulting from any such actions will not have a material adverse impact on the financial position or results of operations of the Trust.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued
June 30, 2011 and 2010

12. **COMMITMENTS AND CONTINGENCIES**, continued

Great Plains Airlines: In December 2000, the Trust entered into a Support (Contingent Purchase and Sale) Agreement with the Tulsa Industrial Authority (TIA) and Bank of Oklahoma (BOK) as part of a \$30 million loan transaction involving the City of Tulsa, TIA, Great Plains Airlines (GPA), and BOK. The Support Agreement included a provision that upon the occurrence of a trigger event (as defined by the loans), BOK could direct TIA to sell the property to the Trust for the amount of any existing indebtedness on the loan to GPA.

GPA declared bankruptcy in January 2004. The Office of the Inspector General of the U.S. Department of Transportation was asked to perform a review of certain issues at the Trust, and which later included the financial support of GPA. In May 2004, the Inspector General noted improprieties with the Support Agreement and notified the Federal Aviation Administration (FAA). The FAA advised the Trust that airport funds were not to be used to subsidize airlines and that should the Trust purchase the property under the Support Agreement, it would constitute a direct subsidy to the airline in violation of FAA policy.

In June 2004, BOK caused TIA to make formal demand upon the Trust to purchase the property from TIA in the amount of the indebtedness outstanding to GPA. As a result of the FAA's position, the Trust declined to purchase the property.

In October 2004, TIA (at the direction of BOK) filed suit against the Trust and its former legal counsel. The suit alleges that the Trust breached the Support Agreement and demands that the Trust be required to purchase the property or that TIA be awarded damages totalling \$7,497,546 plus interest, costs and attorney fees. The Trust filed an answer to the suit and has claimed various affirmative defences. TIA's initial motion for summary judgment was denied. An order entered by the Court on two subsequent TIA motions for partial summary adjudication identified a limited source of nonairport revenues but failed to otherwise strike the Trust's affirmative defences as requested by TIA. In a more recent demand, TIA calculated the purchase price as \$10,783,056 which includes principal, accrued interest, and attorney fees. In June, 2008, TIA/BOK filed an amended petition in which it added the City of Tulsa as a defendant with a claim for unjust enrichment.

Following settlement negotiations, the Trust, the City and TIA/BOK entered into a Settlement Agreement which was approved by the Trust, the Mayor, BOK and the Court. On June 26, 2008, the City Council approved a resolution authorizing payment of the \$7.1 million judgment ("Settlement Amount") from the City's sinking fund. The Settlement Amount was paid on August 4, 2008. The Settlement Agreement resulted in a dismissal, without prejudice, of TIA/BOK's claims against the Trust.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Notes to Basic Financial Statements, continued
June 30, 2011 and 2010

12. **COMMITMENTS AND CONTINGENCIES**, continued

Following approval of the Settlement Agreement, the City received a taxpayers' Qui Tam Demand on July 8, 2008, challenging the legality of the settlement. In response, and according to the terms of the Settlement Agreement, the Mayor and City filed a Declaratory Judgment action in Tulsa County District Court on July 14, 2008, seeking a judicial declaration that their actions in executing the Settlement Agreement and transferring the Settlement Payment were authorized by Oklahoma law. Subsequent to year-end, in October 2011, the State Supreme Court ruled in favor of the Qui Tam reinstating the TIA/BOK litigation (originally filed in October, 2004) against the Trust and the City.

13. **RELATED PARTY TRANSACTIONS**

During the years ended, the Authority conducted the following transactions with related parties.

<i>(In thousands of dollars)</i>	<u>2011</u>	<u>2010</u>
Payments to City of Tulsa - General Fund for support services	<u>\$ 1,281</u>	<u>\$ 1,281</u>
Payments to City of Tulsa - General Fund for fire services	<u>\$ 1,603</u>	<u>\$ 1,644</u>

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Grant Title	CDFA Number	Grant Number	Amount of Grant	Unexpended Balance at June 30, 2010	Grants	Transfers and Adjustments	Other Income and Matching	Current Year Expenditures	Unexpended Balance at June 30, 2011
					Awarded (Closed) During Current Year				
Department of Transportation									
Federal Aviation Administration									
Airfield Drainage	20.106	3-40-0098-12	\$ 273,375	\$ 5,719	\$ (5,719)	\$ -	\$ -	\$ -	\$ -
Riverside Masterplan	20.106	3-40-0098-13	370,647	2,719	(2,719)	-	-	-	-
Riverside Easements	20.106	3-40-0098-14	202,500	68,186	(68,186)	-	-	-	-
RVS - Drainage Improvement - Phase I	20.106	3-40-0098-15	1,178,154	106,018	(106,018)	-	-	-	-
RVS - Southeast Stormsewer Phase III	20.106	3-40-0098-17	1,887,264	79,812	(79,812)	-	-	-	-
RVS - Perimeter Fencing (RSAT Initiative - Phase I)	20.106	3-40-0098-18	147,190	-	5,862	-	309	6,171	-
RVS - Rehabilitate Taxiways & Roadways	20.106	3-40-0098-19	47,244	8,940	-	-	-	-	8,940
Rehabilitate Taxiways & Taxilanes	20.106	3-40-0098-23	1,608,054	1,509,227	-	-	75,026	1,500,518	83,735
Baggage Conv & ARFF Vehicles	20.106	3-40-0099-49	4,000,000	37,504	(37,504)	-	-	-	-
Rehabilitate Runway 18R/36L	20.106	3-40-0099-52	1,976,876	11,630	(11,630)	-	-	-	-
Taxiway C Extension	20.106	3-40-0099-53	2,762,399	279	(279)	-	-	-	-
Noise Mitigation with Sales Assistance	20.106	3-40-0099-57	7,000,000	617,000	(617,000)	-	-	-	-
Rehabilitate Runway 8-26 & Taxiways Charlie & Lima	20.106	3-40-0099-60	7,016,319	156,785	-	-	-	-	156,785
North Development Area Taxiways - Phase 1	20.106	3-40-0099-62	1,181,357	1,157	-	-	(5)	(109)	1,261
Acquire Runway Protection Zone for Runway 8	20.106	3-40-0099-64	6,930,000	115,379	-	-	(86)	(1,712)	117,005
North Development Area Taxiways - Phase 2	20.106	3-40-0099-65	1,400,329	53,799	-	-	-	-	53,799
Acquire (Hangers) Runway Protection Zone	20.106	3-40-0099-67	2,250,000	41,015	-	-	1,556	31,125	11,446
North Development Area Taxiways - Phase 2	20.106	3-40-0099-68	1,696,680	50,008	-	-	-	-	50,008
Extend Taxilane NA - Phase 8	20.106	3-40-0099-69	836,000	35,966	-	-	-	-	35,966
Noise Mitigation 2010	20.106	3-40-0099-70	6,930,000	5,078,170	-	-	182,610	3,652,200	1,608,580
New Snow Removal Equipment & Surface Condition Sensors	20.106	3-40-0099-71	790,798	10	(10)	-	-	-	-
RW18L-36R & TWJ Pavement Replacement Phase 1	20.106	3-40-0099-72	1,421,625	315,904	-	-	11,691	233,827	93,768
Runway 26 MALSR	20.106	3-40-0099-73	268,333	12,505	-	-	235	4,703	8,037
Memorial Drive Realignment & Water Line Improvements	20.106	3-40-0099-74	1,096,269	980,988	-	-	49,951	999,016	31,923
Noise Mitigation 2010	20.106	3-40-0099-75	6,930,000	6,930,000	-	-	69,905	1,398,096	5,601,809
Collect Airport Data for Airports Geographic Information System (A-	20.106	3-40-0099-76	602,067	-	602,067	-	14,441	288,822	327,686
Wildlife Hazard Assessment	20.106	3-40-0099-77	79,201	-	79,201	-	2,385	47,698	33,888
Rehabilitate Runway 18L/36R - Phase 3	20.106	3-40-0099-78	8,524,008	-	8,524,008	-	323,333	6,466,670	2,380,671
			<u>\$ 69,406,689</u>	<u>\$ 16,218,720</u>	<u>\$ 8,282,261</u>	<u>\$ -</u>	<u>\$ 731,351</u>	<u>\$ 14,627,025</u>	<u>\$ 10,605,307</u>

Note: The above Schedule of Expenditures of Federal Awards does not reflect Passenger Facility Charges (“PFC”) authorized to be collected through September 1, 2026. The above schedule does not reflect the expenditure of such PFC’s, except that the PFC’s can be used for matching purposes and therefore may be reflected as other income and matching.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Schedule of Insurance in Force (Unaudited)
Year Ended June 30, 2011

Policy Coverage	Issuer	Limit of Liability	Self Insurance	Expiration Date	Premium
Primary coverage on bodily injury, single limit bodily injury and property damage liability.	Phoenix Aviation Managers, Inc	Up to \$75,000,000 for any one accident, or occurrence with \$25,000 deductible each loss, and \$100,000 annual aggregate deductible.	None	November 19th 2012	\$85,096
Property damage (including boilers and machinery and scheduled automotive equipment) fire and extended coverage.	Public Entity Property Insurance Program	Real and personal property damage not to exceed \$358,238,900 with \$100,000 deductible.	None	June 30th 2012	\$165,396
Automotive personal liability and property damage off-airport.	Mid-Continent Casualty Co.	Excess of \$250,000 up to \$1 million bodily injury and property damage, combined single limit, each occurrence and in the aggregate.	\$250,000	July 18th 2012	\$31,847

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statistical Information (Unaudited)
Year Ended June 30, 2011

Gross revenues as defined by the Bond Indenture as supplemented	
Operating revenue	\$ 31,505,304
Nonoperating revenues (1)	322,797
Airport Improvement Fund balance (2)	500,926
Airport Improvement Fund transfers (2)	3,709,866
PFC funds available for debt service	7,198,172
CFC revenues	<u>2,679,613</u>
Total gross revenues	<u>45,916,678</u>
Gross expenses as defined by the Bond Indenture as supplemented	
Combined operating expenses	20,455,430
Capitalized expenditures classified as operating expenses in accordance with the Bond Indenture as supplemental	<u>707,604</u>
Total operating expenses	<u>21,163,034</u>
Net revenue available for debt service	<u>\$ 24,753,644</u>
Debt service	16,385,916
Debt coverage	1.51

(1) Nonoperating revenues including interest earned on invested funds, net of construction fund interest earnings and certain other nonoperating revenues and expenses, as defined by the Bond Indenture.

(2) The Bond Indenture provides that transfers from the Airport Improvement Fund to other funds are considered as Gross Revenues for the next ensuing fiscal year.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statistical Information (Unaudited)
Year Ended June 30, 2011

<u>Description</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Yield at Market</u>	<u>Par Value</u>	<u>Investment Cost</u>	<u>Market Value</u>
Revenue Fund						
BOK Short-Term Cash Fund 1	On Demand	0.04%	0.04%	\$ 6,480,525	\$ 6,480,525	\$ 6,480,525
DDA cash accounts				425,506	425,506	425,506
Total Revenue Fund					<u>6,906,031</u>	<u>6,906,031</u>
CFC Fund						
BOK Short-Term Cash Fund 1	On Demand	0.04%	0.04%	1,929,242	1,929,242	1,929,242
Certificate of Deposit	1/14/2013	0.00%	0.00%	2,847,678	2,847,678	2,847,678
Interest Accounts						
BOK Short-Term Cash Fund 1	On Demand	0.04%	0.04%	46,617	46,617	46,617
Special Bond Principal Account						
BOK Short-Term Cash Fund 1	On Demand	0.04%	0.04%	148,725	148,725	148,725
Construction Fund						
BOK Short-Term Cash Fund 1	On Demand	0.04%	0.04%	1,300,475	1,300,475	1,300,475
Certificate of Deposit	1/14/2013	0.80%	0.80%	14,160,987	14,160,987	14,160,987
Operating Fund - Operating Reserve Account						
BOK Short-Term Cash Fund 1	On Demand	0.04%	0.04%	323,786	323,786	323,786
FNMA	10/28/2022	2.50%	2.60%	830,000	830,000	797,576
FHLB	11/23/2018	3.00%	2.99%	4,000,000	4,000,000	4,007,540
FHLB	12/29/2017	1.75%	1.76%	205,000	205,000	203,550
FHLB	12/28/2018	2.50%	2.02%	400,000	400,000	395,178
FNMA Arms # 20086	7/1/2024	5.00%	4.85%	5,996	5,996	6,133
FNMA Arms # 4593	5/1/2024	4.90%	4.82%	7,398	7,899	7,566
Total Fund Operating Reserve Account					<u>5,772,681</u>	<u>5,741,329</u>
Airport Special Reserve Funds - General Fund						
DDA cash account				988	988	988
Total Airport Special Reserve Funds - General Fund					<u>988</u>	<u>988</u>
Other Accounts						
DDA cash account and petty cash				864,729	864,729	864,729
Pooled Investments with City Treasurer				-	2,731,489	2,744,946
BOK Short-Term Cash Fund 1	On Demand	0.04%	0.04%	8,787,131	8,787,132	8,787,131
Certificate of Deposit	3/31/2010	0.80%	0.80%	623,915	623,915	623,915
FHLB	12/29/2017	1.75%	1.76%	4,390,000	4,390,000	4,358,941
FHLB	12/28/2018	2.00%	2.02%	16,825,000	16,825,000	16,622,175
Treasury Money Fund	On Demand	0.01%	0.01%	8,256	8,256	8,256
Cash	On Demand	0.00%	0.00%	(228,698)	(228,698)	(228,698)
Slug	10/1/2023	5.15%	5.15%	690,074	690,074	690,074
Total Other Accounts					<u>34,691,897</u>	<u>34,471,469</u>
Total Funds on Deposit and Invested					<u>\$ 67,805,321</u>	<u>\$ 67,553,541</u>

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statistical Information (Unaudited)
Year Ended June 30, 2011

Five Year Construction In Progress – The Airport’s total estimated cost for the years ending 2012 through 2016 (in thousands):

	<u>Total</u>	<u>Federal</u>	<u>Local</u>
Airfiled	\$ 85,650	\$ 81,232	\$ 4,418
Terminal	31,000	0	31,000
Landside	31,950	0	31,950
RVS	<u>11,715</u>	<u>10,814</u>	<u>901</u>
Total Estimated Cost	<u>\$ 160,315</u>	<u>\$ 92,046</u>	<u>\$ 68,269</u>

Monthly Enplaned Passengers – The following table is a summary presentation of the monthly enplaned passengers for the past five years:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
January	103,027	115,447	100,386	91,651	96,050
February	105,564	114,980	96,939	90,551	79,389
March	134,435	136,795	110,121	113,874	115,220
April	127,063	130,977	114,171	110,876	102,375
May	149,167	158,118	126,304	127,395	123,957
June	156,646	150,291	133,070	133,625	132,671
July	157,115	157,183	139,217	135,447	129,703
August	145,077	136,059	120,473	115,643	112,395
September	132,117	115,400	114,709	112,275	112,858
October	146,807	136,485	125,028	125,060	122,918
November	130,265	116,154	113,907	110,524	N/A ⁽¹⁾
December	<u>121,232</u>	<u>123,894</u>	<u>113,353</u>	<u>113,134</u>	<u>N/A ⁽¹⁾</u>
Annual	<u>1,608,515</u>	<u>1,591,783</u>	<u>1,407,678</u>	<u>1,380,055</u>	<u>1,127,536</u>

⁽¹⁾ Not available

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statistical Information (Unaudited)
Year Ended June 30, 2011

Average Daily Scheduled Flights:

Airline	2007		2008		2009		2010		2011	
	Daily Arrivals & Departures	% of Total	Daily Arrivals & Departures	% of Total	Daily Arrivals & Departures	% of Total	Daily Arrivals & Departures	% of Total	Daily Arrivals & Departures	% of Total
American	20	12.70%	29	19.20%	28	21.21%	24	19.05%	26	20.63%
Continental	18	11.40%	23	15.20%	19	14.39%	19	15.08%	18	14.29%
Delta	22	13.90%	22	14.60%	19	14.39%	29	23.02%	26	20.63%
ExpressJets	20	12.70%	8	5.30%	-	N/A	-	N/A	-	0.00%
Frontier	6	3.80%	-	N/A	-	N/A	-	N/A	-	0.00%
Northwest Airlink / Pinnacle	14	8.90%	14	9.30%	14	10.61%	-	N/A	-	0.00%
Southwest	40	25.30%	38	25.20%	33	25.00%	34	26.98%	32	25.40%
United	18	11.40%	17	11.30%	19	14.39%	20	15.87%	24	19.05%
	<u>158</u>	100.00%	<u>151</u>	100.00%	<u>132</u>	100.00%	<u>126</u>	100.00%	<u>126</u>	100.00%

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statistical Information (Unaudited)
Year Ended June 30, 2011

Airline Enplaned Passengers:

Airline	2007		2008		2009		2010		2011	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
American	281,151	17.70%	312,303	19.09%	318,121	21.70%	307,032	22.01%	293,079	21.01%
American Connection / Transstates	29,300	1.80%	38,231	2.30%	24,920	1.70%	-	N/A	-	0.00%
American Connection / Chautauqua	-	N/A	-	N/A	-	N/A	3,916	0.28%	-	0.00%
American Eagle	95,013	6.00%	79,936	4.90%	54,424	3.71%	48,810	3.50%	54,342	3.90%
Casino Express	49	N/A	189	0.01%	-	N/A	-	N/A	-	0.00%
Charters	26,827	1.70%	18,437	1.10%	9,154	0.62%	2,077	0.15%	-	0.00%
Continental	60,654	3.80%	95,723	5.80%	58,868	4.02%	25,519	1.83%	21,902	1.57%
Continental Express	100,449	6.30%	21,570	1.30%	79,626	5.43%	111,811	8.02%	77,545	5.56%
Continental Express/Chautauqua	7,970	0.50%	51,887	3.20%	17,891	1.22%	8,004	0.57%	11,120	0.80%
Continental Express/Colgan	-	-	-	-	-	-	-	-	24,945	1.79%
Delta	-	N/A	-	N/A	-	N/A	-	N/A	14,642	1.05%
Delta Connection / ASA	82,905	5.20%	77,308	4.70%	89,778	6.12%	74,909	5.37%	87,012	6.24%
Delta Connection / Comair	36,491	2.30%	32,752	2.00%	8,037	0.55%	7,661	0.55%	963	0.07%
Delta Connection/Compass	-	-	-	-	-	-	-	-	5,406	0.39%
Delta Connection/Mesaba	-	-	-	-	-	-	-	-	3,513	0.25%
Delta Connection / SkyWest	35,315	2.20%	31,677	1.90%	26,168	1.78%	32,376	2.32%	31,941	2.29%
Delta Connection / ACA/ ExpressJet	-	N/A	-	N/A	-	N/A	1,223	0.09%	-	0.00%
ExpressJets	7,260	0.50%	63,069	3.80%	9,113	0.62%	1,978	0.14%	-	0.00%
Frontier	39,834	2.50%	42,168	2.60%	-	N/A	23,074	1.65%	-	0.00%
Northwest Airlink / Pinnacle	98,734	6.20%	97,799	6.00%	100,643	6.86%	93,860	6.73%	64,968	4.66%
Southwest	499,252	31.50%	504,064	30.80%	494,170	33.71%	471,514	33.81%	492,804	35.34%
Sun Country	-	-	-	-	-	-	-	-	1,387	0.10%
United	90,817	5.70%	91,579	5.60%	89,629	6.11%	69,395	4.98%	52,499	3.76%
United Express / ExpressJet	-	N/A	-	N/A	-	N/A	2,542	0.18%	44,539	3.19%
United Express / GoJet	14,365	0.90%	-	N/A	-	N/A	-	N/A	9,556	0.69%
United Express / Mesa	-	N/A	-	N/A	-	N/A	3,086	0.22%	-	0.00%
United Express / SkyWest	65,257	4.10%	58,477	3.60%	48,884	3.33%	72,822	5.22%	56,086	4.02%
United Express / Trans State	12,488	0.80%	22,052	1.30%	36,660	2.50%	33,050	2.37%	12,794	0.92%
Other	-	0.80%	-	1.30%	-	0.00%	-	0.00%	702	0.05%
	<u>1,584,131</u>	<u>100.00%</u>	<u>1,639,221</u>	<u>100.00%</u>	<u>1,466,086</u>	<u>100.00%</u>	<u>1,394,659</u>	<u>100.00%</u>	<u>1,361,745</u>	<u>1</u>

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statistical Information (Unaudited)
Year Ended June 30, 2011

Airline – Air Cargo Landed Weight (in pounds):

Airline and Cargo Landed Weight
(in Pounds)

Airline / Air Cargo Carrier	2007		2008		2009		2010		2011	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
American	391,095,000	15.92%	487,602,000	17.40%	431,823,500	18.79%	436,737,500	19.97%	415,182,500	18.81%
American Connection / Chautauqua	-	N/A	-	N/A	10,381,956	0.45%	4,459,023	0.20%	-	N/A
American Connection / Transtates	30,592,731	1.25%	44,506,254	1.59%	20,047,703	0.87%	-	N/A	-	N/A
American Eagle	108,958,812	4.44%	85,392,909	3.05%	59,867,428	2.60%	54,803,502	2.51%	61,233,173	2.77%
Charters	27,840,000	1.13%	19,680,000	0.70%	-	N/A	-	N/A	-	N/A
Continental	170,503,000	6.94%	146,641,000	5.23%	51,684,000	2.25%	36,482,600	1.67%	38,638,500	1.75%
Continental Express	8,020,000	0.33%	59,170,500	2.11%	-	N/A	-	N/A	-	N/A
Continental Express/ Chautauqua	-	N/A	-	N/A	20,287,500	0.88%	9,063,500	0.41%	12,027,500	0.54%
Continental Express / Colgan	-	N/A	-	N/A	-	N/A	-	N/A	36,022,000	1.63%
Continental Express/ ExpressJet	-	N/A	-	N/A	104,843,000	4.56%	116,278,000	5.32%	85,206,064	3.86%
Delta	-	N/A	-	N/A	-	N/A	-	N/A	24,340,100	1.10%
Delta Connection / ASA	102,998,000	4.19%	96,121,000	3.43%	102,603,000	4.46%	88,215,500	4.03%	112,977,000	5.12%
Delta Connection / Chautauqua	3,898,000	0.16%	-	N/A	-	N/A	-	N/A	-	N/A
Delta Connection / Comair	44,321,000	1.80%	48,932,000	1.75%	8,554,000	0.37%	11,606,509	0.53%	1,175,000	0.05%
Delta Connection / Compass	-	N/A	-	N/A	-	N/A	-	N/A	9,519,539	0.43%
Delta Connection / Mesaba	-	N/A	-	N/A	-	N/A	4,250,000	0.19%	5,945,400	0.27%
Delta Connection / Pinnacle	-	N/A	-	N/A	116,334,000	5.06%	107,738,516	4.93%	84,190,800	3.81%
Delta Connection / SkyWest	41,595,000	1.69%	43,543,000	1.55%	28,106,000	1.22%	38,512,300	1.76%	43,976,200	1.99%
ExpressJets	21,358,855	0.87%	117,563,108	4.20%	9,154,629	0.40%	-	N/A	-	N/A
Frontier	62,903,000	2.56%	61,971,724	2.21%	-	N/A	29,873,204	1.37%	-	N/A
Northwest Airlin / Pinnacle	117,030,000	4.76%	126,336,000	4.51%	-	N/A	-	N/A	-	N/A
Southwest	772,284,000	31.43%	858,000,000	30.62%	774,600,000	33.70%	697,318,500	31.89%	699,250,000	31.68%
United	113,970,183	4.64%	130,923,326	4.67%	121,139,043	5.27%	106,037,315	4.85%	79,560,896	3.61%
United Express / Air Wisconsin	13,844,469	0.56%	27,571,752	0.98%	-	N/A	-	N/A	-	N/A
United Express / Express Jet	-	N/A	-	N/A	-	N/A	4,554,941	0.21%	49,770,720	2.26%
United Express / GoJet	20,301,000	0.83%	-	N/A	-	N/A	-	N/A	14,057,294	0.64%
United Express / SkyWest	84,374,000	3.43%	82,258,000	2.94%	56,120,000	2.44%	92,263,000	4.22%	72,392,000	3.28%
United Express / Transtates	-	N/A	-	N/A	42,038,412	1.83%	36,762,336	1.68%	14,381,562	0.65%
Other Passenger	-	N/A	-	N/A	16,849,870	0.73%	6,084,084	0.28%	8,099,715	0.37%
Air Cargo Carriers	289,660	0.01%	-	N/A	-	N/A	-	N/A	-	N/A
Air Transport	-	N/A	-	N/A	-	N/A	-	N/A	4,694,000	0.21%
Airborne	31,517,200	1.28%	33,600,700	1.20%	18,431,300	0.80%	-	N/A	-	N/A
Ameriflight	-	0.00%	-	0.00%	-	0.00%	-	N/A	11,659,944	0.53%
FedEx	197,577,000	8.04%	231,770,650	8.27%	218,091,900	9.49%	228,157,000	10.43%	229,759,390	10.41%
Martinaire	7,981,500	0.32%	9,256,500	0.33%	6,154,000	0.27%	4,513,500	0.21%	4,760,007	0.22%
UPS	83,970,000	3.42%	91,023,000	3.25%	74,717,240	3.25%	67,848,400	3.10%	86,230,876	3.91%
Other Cargo	-	N/A	-	N/A	6,739,810	0.29%	5,199,878	0.24%	1,890,306	0.09%
	<u>2,457,222,410</u>	100.00%	<u>2,801,863,423</u>	100.00%	<u>2,298,568,291</u>	100.00%	<u>2,186,759,108</u>	100.00%	<u>2,206,940,486</u>	100.00%