

**TULSA PERFORMING ARTS CENTER TRUST**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**ACCOUNTANTS' REPORTS AND FINANCIAL STATEMENTS**  
**June 30, 2009**





**TULSA PERFORMING ARTS CENTER TRUST**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
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**June 30, 2009**

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## Independent Accountants' Report on Financial Statements and Supplementary Information

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 (the Trust), a component unit of the City of Tulsa, Oklahoma, as of and for the year ended June 30, 2009, as listed in the index. 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 audit.

We conducted our audit 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Tulsa Performing Arts Center Trust as of June 30, 2009, and its changes in financial position and cash flows for the year 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 report dated December 18, 2009, 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 that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis as listed in the index is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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.

BKD LLP

December 18, 2009

**TULSA PERFORMING ARTS CENTER TRUST**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ended June 30, 2009**

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As management of the Tulsa Performing Arts Center Trust ("The Trust"), a component unit of the City of Tulsa, Oklahoma (the "City"), we offer readers of the Trust's financial statements this narrative overview and analysis of the financial activities of the Trust for the year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the Trust's financial statements, which begin on page 8.

**Financial Highlights**

- Assets exceeded liabilities at the close of the year by \$3,586,076. Of this amount, \$2,006,741 is unrestricted and may be used to meet the Trust's ongoing obligations.
- Net assets at June 30, 2009, decreased \$524,253 to \$3,586,076 from \$4,110,329 at June 30, 2008.
- Cash and cash equivalents at June 30, 2009, were \$879,397, a \$369,604 increase from June 30, 2008.

**Overview of the Financial Statements**

The Trust, a public trust, is reported by the City as a discretely presented component unit in the City's Comprehensive Annual Financial Report. The Trust 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 The Trust'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 the Trust 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 the Trust'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 the Trust. 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 the Trust's operations over the past year and can be used to determine whether the Trust has successfully recovered all of its costs through its user fees and other charges, profitability and creditworthiness. The third required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Trust'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.

The Trust uses fund accounting in presenting its financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

**TULSA PERFORMING ARTS CENTER TRUST**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, continued**  
**Year Ended June 30, 2009**

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**Net Assets**

Net assets decreased to \$3,586,076 at June 30, 2009, from \$4,110,329 at June 30, 2008. The Trust holds fixed income investments, equity mutual funds and cash in its investment portfolio. The following provides a summary of net assets:

**SUMMARY OF NET ASSETS**

	<u>2009</u>	<u>2008</u>
Current assets and investments	\$ 2,051,674	\$ 2,597,361
Capital assets, net	<u>1,579,335</u>	<u>1,586,935</u>
Total assets	<u>3,631,009</u>	<u>4,184,296</u>
Total liabilities	<u>44,933</u>	<u>73,967</u>
Invested in capital assets	1,579,335	1,586,935
Unrestricted	<u>2,006,741</u>	<u>2,523,394</u>
Total net assets	<u>\$ 3,586,076</u>	<u>\$ 4,110,329</u>

In 2009, total net assets declined \$524,253 primarily related to losses on the Trust's investment portfolio.

**SUMMARY OF CHANGES IN NET ASSETS**

	<u>2009</u>	<u>2008</u>
Operating revenues	\$ 377,705	\$ 404,740
Nonoperating revenues	96,955	103,287
Investment loss	<u>(450,675)</u>	<u>(118,122)</u>
Total revenues	<u>23,985</u>	<u>389,905</u>
Depreciation expense	7,600	7,601
Other operating expenses	<u>540,638</u>	<u>558,385</u>
Total expenses	<u>548,238</u>	<u>565,986</u>
Change in net assets	(524,253)	(176,081)
Net assets, beginning of year	<u>4,110,329</u>	<u>4,286,410</u>
Net assets, end of year	<u>\$ 3,586,076</u>	<u>\$ 4,110,329</u>

**TULSA PERFORMING ARTS CENTER TRUST**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, continued**  
**Year Ended June 30, 2009**

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The Trust experienced a 93.8% decrease in revenue and a 3.1% decrease in expenses. Expenses exceeded revenue by \$524,253 with an accompanying 12.8% decrease in net assets.

Operating revenues include revenues generated from performing arts events and parking revenues. Operating revenues decreased 6.7% during 2009, a net result of decreased event revenues and increased parking revenues.

Investment income declined 281.5% as a result of a decline in the value of the equity mutual fund portfolio.

Other operating expenses decreased 3.2% as a result of a decrease in event expense during the current year.

**Capital Assets**

The Trust's investment in capital assets as of June 30, 2009, amounts to \$1,579,335 (net of accumulated depreciation). This investment in capital assets includes land improvements and art work.

**CAPITAL ASSETS**

	<u>2009</u>	<u>2008</u>
Land and improvements	\$ 1,614,996	\$ 1,614,996
Accumulated depreciation	<u>(110,428)</u>	<u>(102,828)</u>
	1,504,568	1,512,168
Artwork	<u>74,767</u>	<u>74,767</u>
Capital assets, net	<u>\$ 1,579,335</u>	<u>\$ 1,586,935</u>

**Requests for Information**

This financial report is designed to provide interested parties with a general overview of the Trust's finances. 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 East Second Street, Tulsa, Oklahoma 74103.

**TULSA PERFORMING ARTS CENTER TRUST**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**STATEMENT OF NET ASSETS**  
**June 30, 2009**

	<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>
<b><u>ASSETS</u></b>						
Current assets:						
Cash and cash equivalents	\$ 40,187	\$ 768,141	\$ 42,668	\$ 4,486	\$ 23,915	\$ 879,397
Investments	-	240,898	15,377	-	-	256,275
Interest receivable	262	3,903	1	35	173	4,374
Accounts receivable	1,155	-	-	-	20,557	21,712
Total current assets	41,604	1,012,942	58,046	4,521	44,645	1,161,758
Investments	-	848,085	41,831	-	-	889,916
Capital assets, net	36,617	-	-	38,150	1,504,568	1,579,335
Total assets	78,221	1,861,027	99,877	42,671	1,549,213	3,631,009
<b><u>LIABILITIES</u></b>						
Current liabilities:						
Accounts payable	1,252	-	-	-	13,681	14,933
Deferred revenue	30,000	-	-	-	-	30,000
Total current liabilities	31,252	-	-	-	13,681	44,933
<b><u>NET ASSETS</u></b>						
Invested in capital assets	36,617	-	-	38,150	1,504,568	1,579,335
Unrestricted	10,352	1,861,027	99,877	4,521	30,964	2,006,741
Total net assets	\$ 46,969	\$ 1,861,027	\$ 99,877	\$ 42,671	\$ 1,535,532	\$ 3,586,076

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)**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**Year Ended June 30, 2009**

	<b>Operating Fund</b>	<b>Unrestricted Endowment Fund</b>	<b>Restricted Endowment Fund</b>	<b>Special Event Fund</b>	<b>Parking Lot Fund</b>	<b>Total</b>
Operating revenues:						
Event revenues	\$ 117,220	\$ -	\$ -	\$ -	\$ -	\$ 117,220
Parking lot revenues	-	-	-	-	260,485	260,485
	<u>117,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,485</u>	<u>377,705</u>
Operating expenses:						
Contracting services	55,000	-	-	-	-	55,000
Materials and supplies	10,348	-	-	-	-	10,348
Advertising	45,324	-	-	-	-	45,324
Auditing	7,930	-	-	-	-	7,930
Printing	325	-	-	-	-	325
Mailing	874	-	260	-	-	1,134
Rental fees	12,377	-	-	-	-	12,377
Grants	60,770	-	-	-	-	60,770
Parking lot expenses	-	-	-	-	173,296	173,296
Depreciation	-	-	-	-	7,600	7,600
Services and charges	169,084	-	5,050	-	-	174,134
	<u>362,032</u>	<u>-</u>	<u>5,310</u>	<u>-</u>	<u>180,896</u>	<u>548,238</u>
Operating income (loss)	<u>(244,812)</u>	<u>-</u>	<u>(5,310)</u>	<u>-</u>	<u>79,589</u>	<u>(170,533)</u>
Nonoperating revenues:						
Investment income (loss)	1,868	(430,342)	(23,674)	277	1,196	(450,675)
Contributions	82,825	-	-	-	-	82,825
State grants	12,745	-	-	-	-	12,745
Other	1,385	-	-	-	-	1,385
	<u>98,823</u>	<u>(430,342)</u>	<u>(23,674)</u>	<u>277</u>	<u>1,196</u>	<u>(353,720)</u>
Income (loss) before transfers	<u>(145,989)</u>	<u>(430,342)</u>	<u>(28,984)</u>	<u>277</u>	<u>80,785</u>	<u>(524,253)</u>
Transfers:						
Transfers in	181,220	112,705	3,000	-	-	296,925
Transfers out	(3,000)	(175,220)	-	(6,000)	(112,705)	(296,925)
	<u>178,220</u>	<u>(62,515)</u>	<u>3,000</u>	<u>(6,000)</u>	<u>(112,705)</u>	<u>-</u>
Change in net assets	32,231	(492,857)	(25,984)	(5,723)	(31,920)	(524,253)
Net assets, beginning of year	14,738	2,353,884	125,861	48,394	1,567,452	4,110,329
Net assets, end of year	<u>\$ 46,969</u>	<u>\$ 1,861,027</u>	<u>\$ 99,877</u>	<u>\$ 42,671</u>	<u>\$ 1,535,532</u>	<u>\$ 3,586,076</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)**  
**STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2009**

	<b>Operating Fund</b>	<b>Unrestricted Endowment Fund</b>	<b>Restricted Endowment Fund</b>	<b>Special Event Fund</b>	<b>Parking Lot Fund</b>	<b>Total</b>
Cash flows from operating activities:						
Cash received from customers	\$ 119,045	\$ -	\$ -	\$ -	\$ 294,838	\$ 413,883
Cash payments to suppliers	(366,109)	-	(5,310)	-	(183,253)	(554,672)
Net cash provided by (used in) operating activities	(247,064)	-	(5,310)	-	111,585	(140,789)
Cash flows from noncapital financing activities:						
Nonoperating grants	12,745	-	-	-	-	12,745
Contributions received	69,210	-	-	-	-	69,210
Transfers in	181,220	112,705	3,000	-	-	296,925
Transfers out	(3,000)	(175,220)	-	(6,000)	(112,705)	(296,925)
Net cash provided by (used in) noncapital financing activities	260,175	(62,515)	3,000	(6,000)	(112,705)	81,955
Cash flows from investing activities:						
Investment income received (loss)	1,728	(69,218)	(4,622)	355	1,357	(70,400)
Investments purchased	-	(588,396)	(30,968)	-	-	(619,364)
Sale and maturity of investments	-	1,062,253	55,949	-	-	1,118,202
Net cash provided by investing activities	1,728	404,639	20,359	355	1,357	428,438
Net increase (decrease) in cash and cash equivalents	14,839	342,124	18,049	(5,645)	237	369,604
Cash and cash equivalents, beginning of year	25,348	426,017	24,619	10,131	23,678	509,793
Cash and cash equivalents, end of year	\$ 40,187	\$ 768,141	\$ 42,668	\$ 4,486	\$ 23,915	\$ 879,397
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (244,812)	\$ -	\$ (5,310)	\$ -	\$ 79,589	\$ (170,533)
Changes in operating assets and liabilities						
Depreciation	-	-	-	-	7,600	7,600
Increase in accounts receivable	1,825	-	-	-	34,353	36,178
Decrease in accounts payable	(4,077)	-	-	-	(9,957)	(14,034)
Net cash provided by (used in) operating activities	\$ (247,064)	\$ -	\$ (5,310)	\$ -	\$ 111,585	\$ (140,789)

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 FINANCIAL STATEMENTS**  
**June 30, 2009**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Tulsa Performing Arts Center Trust (“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. Pronouncements of the Financial Accounting Standards Board issued after November 30, 1989, are not applied in the preparation of the financial statements of proprietary funds in accordance with an election made by the Trust under GASB Statement No. 20. 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.

**ORGANIZATION** – The Trust is a public trust created under the provisions of the Oklahoma Trust Act. The beneficiary is the City of Tulsa, Oklahoma (the “City”).

The Trust’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. Therefore, these assets are not reflected in the financial statements of the Trust.

**BASIS OF ACCOUNTING AND PRESENTATION** – 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 expenses include exchange transactions. Investment income and voluntary nonexchange transactions are included in nonoperating revenues and expenses. 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.

The Trust is a component unit of the City and is included in the City’s comprehensive annual financial report. The operations of the Trust are recorded in the following funds.

**The Operating Fund** – This fund is used to account for the revenue from ticket sales and related operating expenses for certain Trust-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, which are restricted by the Trust as to the use of principal and/or the use of investment income.

**TULSA PERFORMING ARTS CENTER TRUST**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**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.

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

**INVESTMENTS** – 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. A net decrease in fair value of investments of \$378,800 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, 2009.

**ACCOUNTS RECEIVABLE** – These amounts consist primarily of parking revenue due from the parking operator at year-end.

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

Land improvements	30 years
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The Trust owns a collection of art housed in the Tulsa Performing Arts Center. The collection is not capitalized 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.

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

**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.

**TULSA PERFORMING ARTS CENTER TRUST**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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**2. CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS** – Cash deposits of the Trust 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, 2009, the pooled cash and investments amounted to \$879,397. The amount pooled with the City at June 30, 2009, is represented by investments which were insured or registered or securities held by the City or its agent in the City’s name.

**INVESTMENTS** – The Trust 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.

At June 30, 2009, the Trust had the following investments and maturities:

Type	June 30, 2009		
	Fair Value	Maturities in Years	
		Less Than 1	1-5
Equity index funds	\$ 101,262	\$ 101,262	\$ -
U.S. agency obligations	1,044,929	155,013	889,916
	<u>\$ 1,146,191</u>	<u>\$ 256,275</u>	<u>\$ 889,916</u>

**Interest Rate Risk** – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Trust’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. The equity index funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately. 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.

**Credit Risk** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Trust does not have a formal policy to limit its investments. At June 30, 2009, the Trust’s fixed income investments in U.S. agencies obligations not directly guaranteed by the U.S. government were rated AAA by Standard & Poor’s.

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of 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, 2009, are insured or registered or securities held by the Trust or by its agent in the Trust’s name. The Trust’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.

**TULSA PERFORMING ARTS CENTER TRUST**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**Concentration of Credit Risk** – The Trust places no limit on the amount that may be invested in any one issuer. At June 30, 2009, the Trust’s investment in Vanguard equity index funds constituted 9% of its total investments. The Trust’s investments in U.S. agency obligations constituted 91% of its total investments.

**INVESTMENT INCOME** – Investment (loss) income for the year ended June 30, 2009, consists of:

Interest and dividend income	\$ 88,850
Realized loss on sale of investments	(160,725)
Net decline in fair value of investments	<u>(378,800)</u>
	<u>\$ (450,675)</u>

**3. CAPITAL ASSETS**

The change in capital assets during 2009 can be summarized as follows:

<b>2009:</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
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	-	-	220,000
Less accumulated depreciation:				
Land improvements	<u>(102,828)</u>	<u>(7,600)</u>	<u>-</u>	<u>(110,428)</u>
Total capital assets being depreciated, net	<u>117,172</u>	<u>(7,600)</u>	<u>-</u>	<u>109,572</u>
Capital assets, net	<u>\$ 1,586,935</u>	<u>\$ (7,600)</u>	<u>\$ -</u>	<u>\$ 1,579,335</u>

**4. RELATED-PARTY TRANSACTIONS**

During the year, the Trust paid the following amounts to the City:

- \$55,000 for staff support
- \$10,390 for rental of the Tulsa Performing Arts Center for events sponsored by the Trust
- \$5,000 for management of the Trust’s parking lot

**Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of the Financial Statements Performed  
in Accordance With *Government Auditing Standards***

Board of Trustees  
Tulsa Performing Arts Center Trust  
Tulsa, Oklahoma

We have audited the financial statements of Tulsa Performing Arts Center Trust (the "Trust") as of and for the year ended June 30, 2009, and have issued our report thereon dated December 18, 2009. We conducted our audit 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Trust's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Trust's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Trust's financial statements that is more than inconsequential will not be prevented or detected by the Trust's internal control. We consider the deficiency described in the accompanying schedule of findings and responses as item 09-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Trust's internal control.

Board of Trustees  
Tulsa Performing Arts Center Trust

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, the significant deficiency described above is considered to be a material weakness.

### **Compliance and Other Matters**

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

This report is intended solely for the information and use of the governing body, management and others within the Trust and is not intended to be and should not be used by anyone other than these specified parties.

BKD LLP

December 18, 2009

**TULSA PERFORMING ARTS CENTER TRUST**  
**(A Component Unit of the City of Tulsa, Oklahoma)**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2009**

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**Findings Required to be Reported by *Government Auditing Standards***

<b>Reference Number</b>	<b>Finding</b>
09-01	<p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – Not all capital assets are maintained in the Barscan system (the City’s system for accounting for all capital assets). Certain items are reconciled outside the system. In addition, capital assets are not reconciled in a timely or accurate manner, lives assigned are not evaluated for accuracy and details are not reviewed for accuracy and completeness.</p> <p>Context – Capital assets are not being entered into the system in a timely manner; reconciliations are not being completed accurately or in a timely manner; and secondary reviews are not being performed.</p> <p>Effect – Potential misstatements in the financial statements could occur and not be prevented or detected in a timely manner.</p> <p>Cause – Staffing positions continue to remain open or availability of staff is limited to perform the monthly updating and proper reviews of the information.</p> <p>Recommendation – We recommend management evaluate staffing needs and develop secondary review procedures to evaluate the integrity of the information.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We agree with the recommendation and will evaluate staffing levels necessary to provide adequate internal controls over financial reporting.</p>