

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
ACCOUNTANTS' REPORT AND FINANCIAL STATEMENTS
June 30, 2009 and 2008



TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
INDEX
June 30, 2009 and 2008

	<u>Page</u>
Independent Accountants' Report on Financial Statements and Supplementary Information	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statements of Net Assets	8
Statements of Revenues, Expenses and Changes in Net Assets	10
Statements of Cash Flows	11
Notes to Financial Statements	13
Supplementary Information (Year Ended June 30, 2009)	
Schedule of Expenditures of Federal Awards	30
Schedule of Insurance in Force	31
Schedule of Sources and Uses of Funds	32
Schedule of Net Revenue Available for Debt Service and Debt Coverage	33
Schedule of Funds on Deposit and Invested	34
Schedule of Passenger Facility Charge Revenues and Expenditures	35
PFC Audit Summary	36
Statistical Information (Unaudited)	
Five-Year Construction in Progress	37
Monthly Enplaned Passengers	37
Average Daily Scheduled Flights	38
Airline Enplaned Passengers	39
Airline – Air Cargo Landed Weight	40
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 <i>Government Auditing Standards</i>	41
Independent Accountants' Report on Compliance and Internal Control Over Compliance With Requirements Applicable to the Passenger Facility Charge Program	43
Schedule of Findings and Responses	45

Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Trustees
Tulsa Airports Improvement Trust
Tulsa, Oklahoma

We have audited the accompanying basic financial statements of Tulsa Airports Improvement Trust (the "Trust"), a component unit of the City of Tulsa, Oklahoma, as of and for the years ended June 30, 2009 and 2008, 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 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tulsa Airports Improvement Trust as of June 30, 2009 and 2008, 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 report dated January 22, 2010, 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.

Board of Trustees
Tulsa Airports Improvement Trust

Our 2009 audit was conducted for the purpose of forming an opinion on the Trust's 2009 basic financial statements. The accompanying supplementary information, including the Schedule of Passenger Facility Charge Revenues and Expenditures required by the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, as listed in the index, is presented for purposes of additional analysis and is not a required part of the 2009 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2009 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2009 basic financial statements taken as a whole. The Statistical Section listed in the index was not audited by us and, accordingly, we express no opinion on it.

BKD LLP

January 22, 2010

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2009 and 2008

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, 2009 and 2008.

Following the 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>2009</u>	<u>2008</u>	<u>2007</u>
Enplaned Passengers	1,466,086	1,639,221	1,584,131
Airfreight-boarded (Tons)	59,743	65,256	58,170
Airline/aircraft movements (TIA)	121,811	138,306	129,014
Aircraft Movements – R.L. Jones, Jr., Airport	305,793	334,420	237,607

The City of Tulsa's (the "City") airports include Tulsa International Airport and R.L. Jones, Jr., Airport. As of June 30, 2009, fifteen scheduled passenger carriers, several charter carriers, and three freight carriers served Tulsa International Airport ("TIA").

Financial Position Summary as of June 30, 2009 (in thousands of dollars)

- The assets of the Trust exceeded liabilities at the close of the most recent year by \$226,277.
- Net assets increased \$20,442 from \$205,835 at June 30, 2008, to \$226,277 at June 30, 2009.
- Total liabilities decreased \$4,450 from \$128,176 at June 30, 2008, to \$123,726 at June 30, 2009.
- Cash and cash equivalents decreased \$4,171 from \$30,714 at June 30, 2008, to \$26,543 at June 30, 2009.

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
Years Ended June 30, 2009 and 2008

Financial Statements

The Trust's financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States 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 Revenues, 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>2009</u>	<u>2008</u>	<u>2007</u>
Assets			
Current and other assets	\$ 47,709	\$ 50,814	\$ 49,543
Capital assets, net	<u>302,294</u>	<u>283,197</u>	<u>270,613</u>
Total assets	<u>350,003</u>	<u>334,011</u>	<u>320,156</u>
Liabilities			
Current and other liabilities	8,438	6,730	7,117
Long-term debt outstanding	<u>115,288</u>	<u>121,446</u>	<u>120,471</u>
Total liabilities	<u>123,726</u>	<u>128,176</u>	<u>127,588</u>
Net Assets			
Invested in capital assets, net of debt	187,530	164,994	155,042
Restricted	22,493	25,540	29,472
Unrestricted	<u>16,254</u>	<u>15,301</u>	<u>8,054</u>
Total net assets	<u>\$ 226,277</u>	<u>\$ 205,835</u>	<u>\$ 192,568</u>

The largest portions (83%) and (80%) of the Trust's net assets as of June 30, 2009 and 2008, 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, continued
Years Ended June 30, 2009 and 2008

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

(in thousands of dollars)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating revenues	\$ 29,915	\$ 31,170	\$ 29,845
Operating expenses, excluding depreciation and amortization	<u>(20,830)</u>	<u>(20,277)</u>	<u>(19,980)</u>
Operating income before depreciation and amortization	9,085	10,893	9,865
Depreciation and amortization	<u>(12,576)</u>	<u>(12,262)</u>	<u>(12,441)</u>
Operating loss	(3,491)	(1,369)	(2,576)
Nonoperating revenues (expenses), net	(629)	404	64
Capital contributions, grants and charges	<u>24,562</u>	<u>14,232</u>	<u>21,721</u>
Increase in net assets	<u>\$ 20,442</u>	<u>\$ 13,267</u>	<u>\$ 19,209</u>

- Nonoperating revenues (expenses), net decreased 255.7% in 2009 due to decreases in investment income, passenger facility charges, customer facility charges and interest expense; and increased 531.3 % in 2008 due to declines in interest expense and investment income and increases in passenger facility charges and customer facility charges.
- Capital contributions, grants and charges increased 72.6% for the year ended June 30, 2009, due to increases in federal and state grants earned and decreased 34.5% for the year ended June 30, 2008, due to decreases in federal assistance received on capital projects and contributions from lessees.
- Operating revenues, which consist primarily of rent and service fees, decreased 4.0% due to a decrease in terminal building fees, field and runway fees and cargo fees for the year ended June 30, 2009. For the year ended June 30, 2008, operating revenues increased 4.4%.
- Operating expenses, excluding depreciation and amortization, increased 2.7% for the year ended June 30, 2009, and increased 1.5% for the year ended June 30, 2008, due to increased personnel, maintenance and utility costs.

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
Years Ended June 30, 2009 and 2008

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.

(in thousands of dollars)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Cash flows			
Provided by operating activities	\$ 9,157	\$ 10,125	\$ 10,050
Used in capital and related financing activities	(13,646)	(9,616)	(10,124)
Provided by investing activities	318	2,038	1,904
Net increase (decrease) in cash and cash equivalents	(4,171)	2,547	1,830
Cash and cash equivalents			
Beginning of year	<u>30,714</u>	<u>28,167</u>	<u>26,337</u>
End of year	<u>\$ 26,543</u>	<u>\$ 30,714</u>	<u>\$ 28,167</u>

Capital Assets

The Trust's investment in capital assets amounted to \$302,294 (net of accumulated depreciation). The Trust paid \$30,980 and \$24,778 related to the acquisition and construction of capital assets for the years ended June 30, 2009 and 2008, respectively.

(in thousands of dollars)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Land and improvements	\$ 276,017	\$ 272,655	\$ 252,048
Easements	52,417	43,446	35,976
Buildings	178,519	181,671	173,430
Equipment	29,884	30,406	27,782
	<u>536,837</u>	<u>528,178</u>	<u>489,236</u>
Less: Accumulated depreciation	(275,376)	(269,275)	(257,035)
Construction in progress	<u>40,833</u>	<u>24,294</u>	<u>38,412</u>
Capital assets, net	<u>\$ 302,294</u>	<u>\$ 283,197</u>	<u>\$ 270,613</u>

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
Years Ended June 30, 2009 and 2008

Long-Term Debt

At June 30, 2009, the Trust had outstanding long-term portion of general revenue bonds of \$104,008 and outstanding long-term portion of capital lease obligations of \$4,590. 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>2009</u>	<u>2008</u>	<u>2007</u>
Capital lease obligation	\$ 4,590	\$ 4,780	\$ 5,320
Revenue bonds	<u>104,008</u>	<u>110,281</u>	<u>109,186</u>
	<u>\$ 108,598</u>	<u>\$ 115,061</u>	<u>\$ 114,506</u>

The Trust's debt decreased by \$6,463, increased by \$555 and decreased by \$5,592 in fiscal years 2009, 2008 and 2007, respectively, due to the issuance of the 2007 series revenue bonds in 2008 and scheduled debt payments in 2009 and 2007.

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 2009, 2008 and 2007 ranged from \$29.85 to \$101.75 per square foot. Signatory landing fees were \$2.35, \$2.02 and \$1.99 per 1,000 lbs for 2009, 2008 and 2007, respectively. Beginning in fiscal year 2008, 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 TMSA showed declines in employment in the last quarter of 2008. Local economists expect TMSA to slow further in calendar 2009 along with the state and national economies.

Enplanements decreased 10.6% in fiscal year 2009 from fiscal year 2008 while total air freight tonnage declined 8.5%. Operations (takeoffs and landings) at TIA declined 11.9% while operations at R.L. Jones, Jr., Airport, the reliever airport, declined 8.6%.

Contacting the Trust's Financial Management

Questions about this report or requests for additional financial information can be directed to:

Deputy Airports Director
 Finance and Administration
 7777 East Apache Street
 Tulsa, OK 74115

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENTS OF NET ASSETS
June 30, 2009 and 2008

(in thousands of dollars)

	<u>2009</u>	<u>2008</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 9,023	\$ 9,047
Cash and cash equivalents – restricted	1,630	2,044
Receivables		
Trade, less allowance for doubtful accounts of \$58 for 2009 and 2008	1,311	1,107
Federal grants receivable	2,138	1,271
Customer facility charges receivable	161	203
Passenger facility charges receivable – restricted	575	459
Advance to the City of Tulsa	127	127
Accrued interest receivable – restricted	23	69
Inventory	1,123	1,195
Other current assets	112	114
Total current assets	<u>16,223</u>	<u>15,636</u>
Noncurrent assets		
Cash and cash equivalents	5,126	4,850
Cash and cash equivalents – restricted	10,764	14,773
Investments	9	11
Investments – restricted	12,976	12,674
Deferred bond issue costs, net	2,546	2,821
Nondepreciable capital assets	162,961	137,275
Depreciable capital assets, net	139,333	145,922
Other	65	49
Total noncurrent assets	<u>333,780</u>	<u>318,375</u>
Total assets	<u>\$ 350,003</u>	<u>\$ 334,011</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, 2009 and 2008

(in thousands of dollars)

	<u>2009</u>	<u>2008</u>
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 537	\$ 974
Accounts payable – restricted	5,050	3,496
Customer deposits – restricted	66	63
Current portion of vested compensated absences	395	441
Deferred revenue	612	397
Current portion of bonds and capital lease obligation	6,690	6,385
Accrued interest payable – restricted	508	575
Total current liabilities	<u>13,858</u>	<u>12,331</u>
Noncurrent liabilities		
Vested compensated absences	609	465
Other postemployment benefits	661	319
Capital lease obligation – restricted	4,590	4,780
Bonds payable, net – restricted	104,008	110,281
Total noncurrent liabilities	<u>109,868</u>	<u>115,845</u>
Total liabilities	<u>123,726</u>	<u>128,176</u>
Net assets		
Invested in capital assets, net of related debt	<u>187,530</u>	<u>164,994</u>
Restricted for		
Debt service	8,327	7,736
Capital projects	13,514	17,153
Other purposes	652	651
Total restricted net assets	<u>22,493</u>	<u>25,540</u>
Unrestricted	<u>16,254</u>	<u>15,301</u>
Total net assets	<u>\$ 226,277</u>	<u>\$ 205,835</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
Years Ended June 30, 2009 and 2008

(in thousands of dollars)

	<u>2009</u>	<u>2008</u>
Operating revenues		
Fuel sales fees	\$ 796	\$ 911
Terminal building rentals	17,364	17,981
Field and runways fees	5,819	6,219
Cargo fees	1,947	2,201
Ground rentals	2,714	2,420
Hangars and field buildings rentals	786	935
Motel commissions	308	317
General aviation terminal building rentals	40	96
Other	141	90
Total operating revenues	<u>29,915</u>	<u>31,170</u>
Operating expenses, excluding depreciation and amortization		
Building maintenance	6,409	5,544
Automotive maintenance	508	497
Field electrical	243	306
Field maintenance	858	729
General and administrative	5,714	5,182
Engineering	927	676
Operations	4,634	5,885
R. L. Jones, Jr., Airport	450	446
Cargo management	1,087	1,012
Total operating expenses, excluding depreciation and amortization	<u>20,830</u>	<u>20,277</u>
Operating income before depreciation and amortization	9,085	10,893
Depreciation and amortization	<u>12,576</u>	<u>12,262</u>
Operating loss	<u>(3,491)</u>	<u>(1,369)</u>
Nonoperating revenues (expenses)		
Investment income	572	1,523
Interest expense	(6,688)	(8,047)
Passenger facility charges	3,817	4,450
Customer facility charges	1,953	2,293
(Loss) gain on sale of capital assets	(471)	32
Other, net	188	153
Net nonoperating revenues (expenses)	<u>(629)</u>	<u>404</u>
Capital contributions, grants and charges		
Federal grants	21,856	14,135
State grants	2,706	97
Total capital contributions and grants	<u>24,562</u>	<u>14,232</u>
Increase in net assets	<u>20,442</u>	<u>13,267</u>
Net assets, beginning of year	<u>205,835</u>	<u>192,568</u>
Net assets, end of year	<u>\$ 226,277</u>	<u>\$ 205,835</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
Years Ended June 30, 2009 and 2008

(in thousands of dollars)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Cash received from customers, including cash deposits	\$ 29,925	\$ 31,860
Cash payments to suppliers for goods and services	(12,814)	(13,377)
Cash payments to employees for services	(7,954)	(8,358)
Net cash provided by operating activities	<u>9,157</u>	<u>10,125</u>
Cash flows from capital and related financing activities		
Construction and purchase of capital assets	(30,980)	(24,778)
Interest paid on revenue bonds	(6,252)	(7,597)
Passenger facility charge received	3,702	4,753
Customer facility charge received	1,995	2,305
Proceeds from sale of revenue bonds	-	27,282
Principal paid on revenue bonds	(5,845)	(25,665)
Principal paid on capital lease	(540)	(525)
Bond issue costs	-	(399)
Proceeds from disposition of capital assets	389	33
Other, net	189	153
Proceeds from state grants	2,706	97
Proceeds from federal capital grants	20,990	14,725
Net cash used in capital and related financing activities	<u>(13,646)</u>	<u>(9,616)</u>
Cash flows from investing activities		
Purchase of investments	(11,283)	(11,950)
Proceeds from sale of investments	11,125	12,385
Interest received on investments	476	1,603
Net cash provided by investing activities	<u>318</u>	<u>2,038</u>
Net (decrease) increase in cash and cash equivalents	(4,171)	2,547
Cash and cash equivalents		
Beginning of year	<u>30,714</u>	<u>28,167</u>
End of year	<u>\$ 26,543</u>	<u>\$ 30,714</u>
Reconciliation of cash and cash equivalents to the statements of net assets		
Current unrestricted cash and cash equivalents	\$ 9,023	\$ 9,047
Current restricted cash and cash equivalents	1,630	2,044
Noncurrent unrestricted cash and cash equivalents	5,126	4,850
Noncurrent restricted cash and cash equivalents	<u>10,764</u>	<u>14,773</u>
Total cash and cash equivalents	<u>\$ 26,543</u>	<u>\$ 30,714</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, continued
Years Ended June 30, 2009 and 2008

(in thousands of dollars)

	<u>2009</u>	<u>2008</u>
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (3,491)	\$ (1,369)
Adjustments to reconcile operating activities to net cash		
Depreciation and amortization	12,576	12,262
(Increase) decrease in accounts receivable, trade	(206)	735
(Increase) decrease in inventory	72	(1,195)
Decrease in other current assets	2	15
Increase (decrease) in accounts payable and accrued liabilities	4	(318)
Increase (decrease) in deferred revenue	214	(44)
Increase (decrease) in other assets	(14)	39
	<u>\$ 9,157</u>	<u>\$ 10,125</u>
Supplemental cash flows information		
Capital asset acquisitions included in accounts payable	<u>\$ 5,050</u>	<u>\$ 3,496</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 FINANCIAL STATEMENTS
June 30, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSES – 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 is a component unit of the City and is reported in the City’s comprehensive annual financial report. 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 (“TAA”), leased and assigned all airport properties and equipment (except police and emergency fire heliports of the City) and the income derived therefrom 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 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 TAA.

BASIS OF ACCOUNTING – The accounting and reporting policies of the Trust conform to generally accepted accounting principles for units of local government as promulgated by the Governmental Accounting Standards Board (“GASB”). The Trust has adopted GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. The Trust has elected to apply all applicable GASB pronouncements, as well as Financial Accounting Standards Board pronouncements and Accounting Principle Board Opinions issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements.

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.

CASH AND CASH EQUIVALENTS – 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 are stated at fair value.

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.

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

During 2008, the Trust determined that certain consumable supplies and replacement parts for fixtures and equipment that previously had been expensed as purchased should be included in inventory when purchased and subsequently expensed when used to fully conform with the requirements of accounting principles generally accepted in the United States of America. Such items are included in the balance of inventory at June 30, 2008. The effect of recording such items is included as a reduction of operating expenses in the 2008 statement of revenues, expenses and changes in net assets as it was not material to the prior year's financial statements taken as a whole.

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.

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 straight-line basis 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.

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.

OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) – In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement No. 45 was effective for the Trust during its year ending June 30, 2008.

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 health care, are taken while the employees are in active service, whereas other benefits, including post-employment health care and other OPEB, are taken after the employees' services have ended. Nevertheless, both types of benefits constitute compensation for employee services.

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

This statement improves the relevance and usefulness of financial reporting by (a) requiring systematic, accrual-basis measurement and recognition of OPEB expense over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan.

See *Note 9* for further discussion.

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 – 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. 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 external restrictions on how they may be used.

Unrestricted net assets – represent resources that may be used to meet the Trust's ongoing obligations to the public and creditors.

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.

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.

REVENUES 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 revenues are recorded net of parking management fees which amounted to approximately \$2,172,000 and \$2,161,000 in 2009 and 2008, respectively.

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.

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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. 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 October 2008, the Trust received approval from the FAA to impose and use \$65,043,406 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 collection and use total increases to \$142,278,896.

CUSTOMER FACILITY CHARGE – Effective July 1, 2004, the Trust began the assessment of a Customer Facility Charge (“CFC”). The charge is \$2.60 per rental car transaction per day and may be adjusted periodically by the Trust. 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 cost and debt service requirements. CFC revenues are reflected in nonoperating revenues.

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 2008 financial statements to conform to the 2009 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, 2009 and 2008, the pooled cash and investments, which are reflected on the Trust’s Statement of Net Assets within cash and cash equivalents, amounted to \$2,801,889 and \$1,751,396, respectively. The pooled cash and investments balance at June 30, 2009 and 2008, 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.

NONPOOLED 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, 2009 and 2008, amounts uninsured were \$0 and \$514,000 with collateral pledged of \$3,479,959 and \$1,733,000, respectively.

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

2. CASH AND INVESTMENTS, continued

NONPOOLED 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 nonpooled investments as of June 30, 2009 and 2008, are as follows:

(in thousands of dollars)

Type	Fair Value	June 30, 2009		
		Maturities in Years		
		Less Than 1	1-10	More Than 10
U.S. agency and instrumentality obligations	\$ 9,514	\$ 8,653	\$ 839	\$ 22
State and local government securities (SLUG)	690	-	-	690
Money market mutual funds	22,858	22,858	-	-
	<u>\$ 33,062</u>	<u>\$ 31,511</u>	<u>\$ 839</u>	<u>\$ 712</u>

(in thousands of dollars)

Type	Fair Value	June 30, 2008		
		Maturities in Years		
		Less Than 1	1-10	More Than 10
U.S. agency and instrumentality obligations	\$ 11,994	\$ 11,133	\$ 839	\$ 22
State and local government securities (SLUG)	690	-	-	690
Money market mutual funds	28,350	28,350	-	-
	<u>\$ 41,034</u>	<u>\$ 39,483</u>	<u>\$ 839</u>	<u>\$ 712</u>

Interest Rate Risk – The Trust does not have a formal policy limiting its exposure to fair value losses arising from rising interest rates. For purposes of this disclosure, money market mutual funds are presented in the tables above as an investment with a maturity of less than one year because they are redeemable immediately.

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 address credit risk. At June 30, 2009 and 2008, credit quality ratings for the Trust's investments in U.S. agency and instrumentality obligations were rated Aaa by Moody's and AAA by S&P. Investments in state and local government securities were unrated.

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. All of the Trust's investments in U.S. agency and instrumentality obligations at June 30, 2009 and 2008, are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the Trust's name. The Trust's investments in money market mutual 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 AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

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. At June 30, 2009, the Trust’s investment in Federal Home Loan Bank (“FHLB”) constituted 26% of its total investments.

Reconciliation to Statements of Net Assets – A reconciliation of pooled cash and investments, nonpooled deposits and nonpooled investments to the fair values at June 30, 2009 and 2008, is as follows:

(in thousands of dollars)

	<u>2009</u>	<u>2008</u>
Pooled cash and investments	\$ 2,802	\$ 1,751
Nonpooled deposits	3,664	614
Nonpooled investments	<u>33,062</u>	<u>41,034</u>
	<u>\$ 39,528</u>	<u>\$ 43,399</u>
Current cash and cash equivalents	\$ 9,023	\$ 9,047
Current restricted cash and cash equivalents	1,630	2,044
Noncurrent cash and cash equivalents	5,126	4,850
Noncurrent restricted cash and cash equivalents	10,764	14,773
Noncurrent unrestricted investments	9	11
Noncurrent restricted investments	<u>12,976</u>	<u>12,674</u>
	<u>\$ 39,528</u>	<u>\$ 43,399</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 unbilled portions of such grants are properly not reflected in the financial statements and as of June 30, 2009 and 2008, totaled \$8,784,622 and \$33,781,686, respectively, for the Trust.

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

4. CAPITAL ASSETS

The changes in capital assets during 2009 and 2008 can be summarized as follows:

2009: <i>(in thousands of dollars)</i>	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital assets not being depreciated					
Land	\$ 69,535	\$ -	\$ -	\$ 176	\$ 69,711
Easements	43,446	8,971	-	-	52,417
Construction in progress	24,294	22,699	-	(6,160)	40,833
Total capital assets not being depreciated	<u>137,275</u>	<u>31,670</u>	<u>-</u>	<u>(5,984)</u>	<u>162,961</u>
Capital assets being depreciated					
Land improvements	203,120	-	(690)	3,876	206,306
Buildings	181,671	-	(3,152)	-	178,519
Equipment	30,406	863	(3,493)	2,108	29,884
Total capital assets being depreciated	<u>415,197</u>	<u>863</u>	<u>(7,335)</u>	<u>5,984</u>	<u>414,709</u>
Accumulated depreciation					
Land improvements	143,292	6,596	(641)	-	149,247
Buildings	102,303	4,450	(2,477)	-	104,276
Equipment	23,680	1,530	(3,357)	-	21,853
Total accumulated depreciation	<u>269,275</u>	<u>12,576</u>	<u>(6,475)</u>	<u>-</u>	<u>275,376</u>
Total capital assets being depreciated, net	<u>145,922</u>	<u>(11,713)</u>	<u>(860)</u>	<u>5,984</u>	<u>139,333</u>
Capital assets, net	<u>\$ 283,197</u>	<u>\$ 19,957</u>	<u>\$ (860)</u>	<u>\$ -</u>	<u>\$ 302,294</u>
2008: <i>(in thousands of dollars)</i>	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital assets not being depreciated					
Land	\$ 61,966	\$ 7,569	\$ -	\$ -	\$ 69,535
Easements	35,976	7,470	-	-	43,446
Construction in progress	38,412	9,233	-	(23,351)	24,294
Total capital assets not being depreciated	<u>136,354</u>	<u>24,272</u>	<u>-</u>	<u>(23,351)</u>	<u>137,275</u>
Capital assets being depreciated					
Land improvements	190,082	76	-	12,962	203,120
Buildings	173,430	-	-	8,241	181,671
Equipment	27,782	500	(24)	2,148	30,406
Total capital assets being depreciated	<u>391,294</u>	<u>576</u>	<u>(24)</u>	<u>23,351</u>	<u>415,197</u>
Accumulated depreciation					
Land improvements	136,658	6,634	-	-	143,292
Buildings	98,223	4,080	-	-	102,303
Equipment	22,154	1,548	(22)	-	23,680
Total accumulated depreciation	<u>257,035</u>	<u>12,262</u>	<u>(22)</u>	<u>-</u>	<u>269,275</u>
Total capital assets being depreciated, net	<u>134,259</u>	<u>(11,686)</u>	<u>(2)</u>	<u>23,351</u>	<u>145,922</u>
Capital assets, net	<u>\$ 270,613</u>	<u>\$ 12,586</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ 283,197</u>

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

5. REVENUE BONDS PAYABLE AND OTHER LONG-TERM LIABILITIES

The changes in revenue bonds payable and other long-term liabilities during 2009 can be summarized as follows:

<i>(in thousands of dollars)</i>	Beginning Balance	Increase	Decrease	Ending Balance	Portion Due Within One Year
Revenue bonds					
Series 1997A	\$ 450	\$ -	\$ (450)	\$ -	\$ -
Series 1997B	30,740	-	(2,045)	28,695	2,710
Series 1999A	6,180	-	(350)	5,830	350
Series 1999B	9,650	-	(875)	8,775	925
Series 1999C	8,190	-	(425)	7,765	430
Series 2000A	8,325	-	(475)	7,850	505
Series 2001A	3,000	-	-	3,000	-
Series 2003	10,180	-	-	10,180	-
Series 2004A	14,630	-	(1,165)	13,465	1,220
Series 2004B	1,525	-	-	1,525	125
Series 2007A	2,955	-	-	2,955	80
Series 2007B	4,050	-	-	4,050	95
Series 2007C	20,215	-	(60)	20,155	60
Total revenue bonds payable	<u>120,090</u>	<u>-</u>	<u>(5,845)</u>	<u>114,245</u>	<u>6,500</u>
Unamortized loss					
Series 1997A & B	331	(33)	-	298	-
Series 1999A	173	(15)	-	158	-
Series 2003	1,258	(81)	-	1,177	-
Series 2007C	2,863	(184)	-	2,679	-
Unamortized discount (premium)					
Series 1997A & B	(136)	-	14	(122)	-
Series 1999A	24	-	(2)	22	-
Series 1999B	121	-	(7)	114	-
Series 1999C	60	-	(5)	55	-
Series 2001A	(676)	-	84	(592)	-
Series 2007	(54)	-	2	(52)	-
Total unamortized loss/discount (premium)	<u>3,964</u>	<u>(313)</u>	<u>86</u>	<u>3,737</u>	<u>-</u>
Total revenue bonds payable, net	<u>116,126</u>	<u>313</u>	<u>(5,931)</u>	<u>110,508</u>	<u>6,500</u>
Other long-term liabilities					
Capital lease	5,320	-	(540)	4,780	190
Other postemployment benefits	319	342	-	661	-
Vested compensated absences	906	98	-	1,004	395
Total other long-term liabilities	<u>6,545</u>	<u>440</u>	<u>(540)</u>	<u>6,445</u>	<u>585</u>
Total long-term liabilities	<u>\$ 122,671</u>	<u>\$ 753</u>	<u>\$ (6,471)</u>	<u>\$ 116,953</u>	<u>\$ 7,085</u>

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

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

The changes in revenue bonds payable and other long-term liabilities during 2008 can be summarized as follows:

<i>(in thousands of dollars)</i>	Beginning Balance	Increase	Decrease	Ending Balance	Portion Due Within One Year
Revenue bonds					
Series 1997A	\$ 2,815	\$ -	\$ (2,365)	\$ 450	\$ 450
Series 1997B	30,740	-	-	30,740	2,045
Series 1999A	6,495	-	(315)	6,180	350
Series 1999B	10,480	-	(830)	9,650	875
Series 1999C	8,560	-	(370)	8,190	425
Series 2000A	8,775	-	(450)	8,325	475
Series 2001A	3,000	-	-	3,000	-
Series 2003	30,400	-	(20,220)	10,180	-
Series 2004A	15,740	-	(1,110)	14,630	1,165
Series 2004B	1,525	-	-	1,525	-
Series 2007A	-	2,955	-	2,955	-
Series 2007B	-	4,050	-	4,050	-
Series 2007C	-	20,220	(5)	20,215	60
Total revenue bonds payable	<u>118,530</u>	<u>27,225</u>	<u>(25,665)</u>	<u>120,090</u>	<u>5,845</u>
Unamortized loss					
Series 1997A & B	364	(33)	-	331	-
Series 1999A	188	(15)	-	173	-
Series 2003	4,043	(209)	2,576	1,258	-
Series 2007C	-	2,863	-	2,863	-
Unamortized discount (premium)					
Series 1997A & B	(150)	-	14	(136)	-
Series 1999A	27	-	(3)	24	-
Series 1999B	128	-	(7)	121	-
Series 1999C	65	-	(5)	60	-
Series 2001A	(761)	-	85	(676)	-
Series 2007	-	(54)	-	(54)	-
Total unamortized loss/discount (premium)	<u>3,904</u>	<u>2,552</u>	<u>2,660</u>	<u>3,964</u>	<u>-</u>
Total revenue bonds payable, net	<u>114,626</u>	<u>24,673</u>	<u>(28,325)</u>	<u>116,126</u>	<u>5,845</u>
Other long-term liabilities					
Capital lease	5,845	-	(525)	5,320	540
Other postemployment benefits	-	319	-	319	-
Vested compensated absences	898	8	-	906	441
Notes payable	-	-	-	-	-
Total other long-term liabilities	<u>6,743</u>	<u>327</u>	<u>(525)</u>	<u>6,545</u>	<u>981</u>
Total long-term liabilities	<u>\$ 121,369</u>	<u>\$ 25,000</u>	<u>\$ (28,850)</u>	<u>\$ 122,671</u>	<u>\$ 6,826</u>

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 FINANCIAL STATEMENTS
June 30, 2009 and 2008

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.

GENERAL REVENUE BONDS, REFUNDING SERIES 1997A AND 1997B – The 1997A and 1997B bonds in the original amounts of \$21,740,000 and \$32,835,000, respectively, were issued to retire and redeem all of the outstanding General Revenue bonds Series 1989 and General Revenue Consolidated Fixed Rate bonds Series 1989. The 1997 bonds are payable annually in amounts ranging from \$945,000 to \$4,485,000 commencing on June 30, 1997, with final maturity in 2017. Interest on the 1997A and 1997B bonds is payable semiannually at rates of 7.30% and 7.05%, respectively. The 1997A bonds were paid in full at year-end.

GENERAL REVENUE BONDS, REFUNDING SERIES 1999A, 1999B AND 1999C – The 1999A, 1999B and 1999C bonds in the original amounts of \$8,145,000, \$14,665,000 and \$10,625,000, respectively, were issued to retire and redeem all of the outstanding General Revenue bonds Series 1992 and 1996 and finance costs of certain improvements to the airport. The 1999 bonds are payable annually in amounts ranging from \$1,085,000 to \$5,265,000 commencing on June 1, 2002, with final maturity in 2026. Interest on the 1999A, 1999B and 1999C bonds is payable at rates ranging from 4.75% to 5.50%, 5.125% to 6.125% and 7.25% to 7.75%, respectively. The 1999 bonds are subject to redemption at the option of the Trust after June 1, 2010, at a price equal to the principal amount.

GENERAL REVENUE BONDS, REFUNDING SERIES 2000A – The 2000A bonds in the original amount of \$11,000,000 were issued to finance the cost of construction of a new air cargo facility. The 2000A bonds are payable annually in amounts ranging from \$775,000 to \$5,000,000 commencing on June 1, 2005, with final maturity in 2020. Interest on the 2000A bonds is payable at rates ranging from 5.75% to 6.00%. The 2000A bonds are subject to redemption at the option of the Trust after June 1, 2010, at a price equal to the principal amount.

GENERAL REVENUE BONDS, REFUNDING SERIES 2001A – The 2001A bonds in the original amount of \$54,000,000 were issued to finance the cost of construction and installation of certain facilities at TIA and R.L. Jones, Jr., Airport. The 2001A bonds were payable in 2003 and 2005 for \$27,000,000 and \$24,000,000, respectively. The final maturity of \$3,000,000 is due on June 1, 2017. Interest on 2001A bonds is payable at rates ranging from 5.0% to 5.2%. The 2001A bonds are subject to redemption at the option of the Trust after June 1, 2010, and at a price equal to the principal amount.

GENERAL REVENUE BONDS, REFUNDING SERIES 2003 – The 2003 bonds in the original amount of \$30,400,000 were issued to refund a portion of the outstanding General Revenue bonds Series 1993A, 1997A, 1997B, 1999A, 1999B, 1999C, 2000A and 2001. The 2003 bonds are payable in amounts ranging from \$130,000 to \$1,630,000 commencing on June 1, 2013, with final maturity in 2023 following the redemption of \$20,220,000 on November 5, 2007. Interest on the 2003 bonds is payable monthly at a variable interest rate determined weekly and is not to exceed 14.00%. The Trust may also elect a term interest rate in which interest is payable each June 1 and December 1. The 2003 bonds are subject to redemption at the option of the Trust at any time at a price equal to the principal amount plus any accrued interest.

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

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

GENERAL REVENUE BONDS, REFUNDING SERIES 2004A – The 2004A bonds in the original amount of \$17,800,000 were issued to finance the construction and installation of airport terminal and related facilities improvements at TIA and to pay the costs of issuance. The 2004A bonds are payable in amounts ranging from \$1,005,000 to \$1,805,000, commencing June 1, 2006, with final maturity in 2018. Interest on the 2004A bonds is payable semiannually at rates ranging from 3.25% to 5.0%. The 2004A bonds maturing on June 1, 2018, are subject to redemption at the option of the Trust at any time at a price equal to the principal amount plus any accrued interest. Not all of the bond proceeds were expended for projects from this revenue bond. The excess proceeds are being held by the Trust for early redemptions in future years.

GENERAL REVENUE BONDS REFUNDING SERIES 2004B – The 2004B bonds in the original amount of \$2,200,000 were issued to finance the construction and installation of a convenience center, including fueling facilities, on the premises of TIA to pay capitalized interest on the 2004B bonds and to pay the costs of issuance. The 2004B bonds are payable in 2017. Interest on the 2004B bonds is payable semiannually at 4.95%. The 2004B bonds are subject to mandatory redemption of \$100,000 on June 1, 2006 and 2007, and \$200,000 per year on June 1, 2008 to 2017. The 2004B bonds maturing on June 1, 2015 are subject to redemption at the option of the Trust at any time at a price equal to the principal amount plus any accrued interest.

GENERAL REVENUE BONDS VARIABLE RATE SERIES 2007A, 2007B, REFUNDING SERIES 2007C – The 2007A and 2007B bonds were issued to provide funds (a) to make Capital Improvements, (b) to provide capitalized interest for debt service and (c) to pay the costs of issuance of the 2007A, 2007B and 2007C bonds. The 2007C bonds were issued to provide funds to refund a portion of the Series 2003 bonds. The 2007A bonds were issued in the original amount of \$2,955,000 and are subject to mandatory redemption in increasing annual amounts beginning June 1, 2010 to 2031. The 2007B bonds were issued in the original amount of \$4,050,000 and are subject to mandatory redemption in increasing annual amounts beginning June 1, 2010 to 2031. The 2007C bonds were issued in the original amount of \$20,220,000 and are payable in increasing annual amounts beginning June 1, 2008 to 2023. Interest on the 2007A and 2007B bonds shall accrue on a semiannual basis and be payable on each June 1 and December 1 during the Term Interest Rate period, commencing December 1, 2007. At the option of the Trust and upon the satisfaction of certain conditions contained in the Indentures, the interest rate may be converted to a Weekly Interest Rate and determined from time to time in accordance with the Indentures. Effective June 1, 2009, the Trust exercised its rights and converted to a weekly interest rate for the 2007A and 2007B bonds. Interest on the 2007C bonds is variable and shall accrue monthly based on a 2.5% rate subject to weekly adjustments. At the option of the Trust and upon the satisfaction of certain conditions contained in the Indentures, the interest rate may be converted to a Term Interest Rate as determined from time to time in accordance with the Indentures.

As referenced above, the Trust has issued certain variable rate demand bonds. These bonds are further secured by separate irrevocable Letter of Credit agreements. The Letter of Credit agreements for the Series 2003 bonds and Series 2007 bonds aggregate \$30,801,955 and \$27,678,894, respectively, and expire on March 25, 2010.

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

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

In the event any of the Trust's variable rate demand bonds fail to be remarketed and the Trust is required to draw upon its Letter of Credit agreement(s) (a "Liquidity Drawing"), the Trust is subject to certain repayment provisions under its associated Reimbursement Agreement(s). Among other things, these provisions require that each Liquidity Drawing be repaid in equal quarterly installments, beginning 30 calendar days following the related drawing and ending on the earlier of (a) the third anniversary of the date of the Liquidity Drawing or (b) the expiration date of the respective Letter of Credit agreement. Additionally, repayments on Liquidity Drawings may also be required of the Trust on the earliest of (i) the date on which the Letter of Credit is replaced by an Alternate Security Arrangement; (ii) the date on which bonds purchased with funds disbursed under the Letter of Credit are redeemed, prepaid or cancelled; (iii) the date on which any bonds are remarketed pursuant to the bond indenture; (iv) fifteen days following the date on which all of the bonds are converted to a term interest rate to maturity; or (v) upon acceleration due to an event of default. The Trust is also required to pay interest on the unpaid principal amount drawn on the Letter of Credit at a rate equal to the higher of the Prime Rate or Federal Funds Rate plus 1.50% for the first 90 days following a Liquidity Drawing. Beyond 90 days, interest is to be charged at the higher of the Prime Rate or Federal Funds Rate, plus 2.50%.

Future maturities of revenue bonds and the capital lease are as follows:

(in thousands of dollars)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 6,690	\$ 6,210	\$ 12,900
2011	7,160	5,801	12,961
2012	7,600	5,372	12,972
2013	8,075	4,912	12,987
2014	8,565	4,433	12,998
2015-2019	48,350	13,731	62,081
2020-2024	28,310	3,979	32,289
2025-2029	3,245	701	3,946
2030-2031	1,030	79	1,109
	<u>\$ 119,025</u>	<u>\$ 45,218</u>	<u>\$ 164,243</u>

The Tulsa Airports Improvement Trust's Debt Service Reserve ("DSR") requirement is satisfied through insurance ("surety") policies issued by MBIA, \$7,500,000, and FGIC, \$9,606,910. As a condition of the policies, both issuers are to maintain "AAA" credit ratings. Subsequent to June 30, 2008, both Moody's Investor Service and Standard & Poor's reduced credit ratings of MBIA and FGIC below the required rating creating a technical violation of the issuer's guarantee to maintain the "AAA" credit rating. In November 2009, the Trust replaced the surety policies by fully funding the DSR with cash proceeds as part of a debt financing.

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

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, 2009 and 2008, follows:

<i>(in thousands of dollars)</i>	<u>2009</u>	<u>2008</u>
Capital lease proceeds	\$ 6,935	\$ 6,935
Unspent proceeds	(727)	(801)
Purchases less than capitalization threshold	<u>(609)</u>	<u>(535)</u>
Capital assets	5,599	5,599
Accumulated amortization	<u>(850)</u>	<u>(671)</u>
	<u>\$ 4,749</u>	<u>\$ 4,928</u>

The present value of future minimum capital lease payments at June 30, 2009, follows:

<i>(in thousands of dollars)</i>	
2010	\$ 448
2011	445
2012	445
2013	445
2014	444
2015-2019	2,230
2020-2024	<u>2,873</u>
Total minimum lease payments	7,330
Amounts representing interest	<u>(2,550)</u>
Present value of minimum lease payments	<u>\$ 4,780</u>

7. CONDUIT DEBT OBLIGATIONS

To pay the costs of certain modifications, rehabilitations and reconstruction to a special facility located adjacent to TIA, the Trust has issued a series of Special Facility Revenue Bonds. At June 30, 2009 and 2008, Special Facility Revenue Bonds outstanding aggregated \$10,120,000 and \$11,610,000, respectively.

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

7. CONDUIT DEBT OBLIGATIONS, continued

Of this total, \$0 and \$1,490,000 at June 30, 2009 and 2008, respectively, are special limited obligations of the airport, payable solely from and collateralized by a pledge of rentals to be received from a lease agreement between the airport and Rockwell International Corporation. The remaining \$10,120,000 at June 30, 2009 and 2008, are special limited obligations of the airport, 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 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 6.3% for the years ended 2009, 2008 and 2007. The Trust's contributions to the Plan for 2009, 2008 and 2007 were \$333,000, \$366,000 and \$341,000, respectively, which equalled its portion of the contributions for each year.

The Plan is reported as a Pension Trust Fund in the City's 2009 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.

9. OTHER POSTEMPLOYMENT BENEFITS ("OPEB")

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

All health care benefits are provided through the City's fully insured health plan. The benefit levels are the same as those offered to active employees. Benefits include general inpatient and outpatient medical services and prescriptions. 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.

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

9. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”), continued

The City’s actuarial determined annual required contribution (“ARC”) for fiscal year ending June 30, 2009, was \$3,071,000 of which \$285,000 was paid on a pay-as-you-go basis. The Trust was allocated \$661,000 of the net obligation for the fiscal year ending June 30, 2009, 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 TIA 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.

Minimum future rentals on noncancellable operating leases as of June 30, 2009, are as follows:

(in thousands of dollars)

2010	\$	13,673
2011		13,510
2012		13,343
2013		9,118
2014		8,906
2015-2019		3,706
2020-2024		3,118
2025-2029		2,633
2030-2034		1,551
2035-2039		1,263
2040-2044		1,235
2045-2049		125
		125
	\$	72,181

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.

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

12. COMMITMENTS AND CONTINGENCIES

As of June 30, 2009, the Trust had open commitments for construction projects of approximately \$20,984,000.

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.

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 defenses. 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 defenses 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 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 FINANCIAL STATEMENTS
June 30, 2009 and 2008

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 the 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. If the Court does not rule in the City/Mayor's favor, the terms of the Settlement Agreement will cause a repayment of the Settlement Amount to the City and reinstatement of the TIA/BOK litigation (originally filed in October 2004) against the Trust and the City.

13. SUBSEQUENT EVENTS

GENERAL AIRPORT REVENUE BONDS ISSUANCE

On September 17, 2009, the Trust passed a resolution approving the issuance of General Airport Revenue Bonds in an amount not to exceed \$155,860,000. The resolution anticipated several series of bonds serving a variety of purposes as follows:

(in thousands of dollars)

New construction	\$	42,415
Refundings (various series)		85,895
Cash reserve deposit		2,550
Third-party development opportunity		15,000
Contingencies		<u>10,000</u>
Total	<u>\$</u>	<u>155,860</u>

On December 10, 2009, the Trust sold Tulsa Airports Improvement Trust General Revenue Bonds Series 2009A \$42,705,000, Series 2009B \$25,865,000, Series 2009C \$4,020,000 and Series 2009D \$56,615,000, with a subsequent sale possible in the early part of 2010 for a third-party hangar development.

An integral part of the December 10, 2009, financing is the ability to provide an Amended and Restated Bond Indenture. The original bond indenture was developed in 1978 and contains provisions no longer relevant nor pertinent to today's airport environment that now deals with significantly more security and regulatory requirements than before. The original bond indenture also had provisions that entwined itself with the airport's airline agreement, making airline negotiations overly complex.

NOISE LAND: INVENTORY-REUSE-DISPOSAL PLAN

In September 2009, a "Noise Land: Inventory-Reuse-Disposal" Plan was submitted to the FAA as required by Program Guidance Letter (PGL) 08-02. The guidance letter requires that all airport property acquired with federal funds for noise compatibility purposes be inventoried and a plan for reuse or disposal be submitted to the FAA. Such reuse and disposal plans may require that fiscal proceeds generated from certain reuse and disposal be put back into the noise program or be used to repay the federal funds used to acquire the property. Subsequent to June 30, 2009, the Trust submitted its plan of reuse to the FAA. As of June 30, 2009, the Trust has no obligation for repayment under this plan. The magnitude and scope of any financial obligation is dependent on FAA concurrence with the submitted plan as well as yet to be disclosed guidance on how to calculate the financial requirements.

Supplementary Information

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009

Grant Title	CDFA Number	Grant Number	Amount of Grant	Unexpended Balance at June 30, 2008	Grants Awarded (Closed) During Current Year	Transfers and Adjustments	Other Income and Matching	Current Year Expenditures	Unexpended Balance at June 30, 2009
Department of Transportation									
Federal Aviation Administration									
Safety Area Runway	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	1,735,525	-	-	77,281	1,665,165	147,641
RVS – Perimeter Fencing (RSAT Phase I)	20.106	3-40-0098-18	147,190	44,395	-	-	11,273	55,668	-
RVS – Rehab Taxiways & Roadways	20.106	3-40-0098-19	47,244	32,238	-	-	1,226	24,524	8,940
Taxiway November	20.106	3-40-0098-20	105,475	-	105,475	-	5,551	111,026	-
Noise Mitigation	20.106	3-40-0098-21	48,693	-	48,693	-	2,563	51,256	-
Terminal Building Expansion	20.106	3-40-0098-22	88,212	-	88,212	-	10,820	99,032	-
Baggage Conv & ARFF Vehicles	20.106	3-40-0099-49	4,000,000	37,504	-	-	-	-	37,504
Noise Mitigation	20.106	3-40-0099-50	6,298,000	1,207,944	(452,707)	(252,520)	26,459	529,176	-
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	44,696	-	-	13,479	57,896	279
Taxiway E Extension	20.106	3-40-0099-55	6,768,750	72,762	-	-	3,830	76,592	-
Extension of Taxiway Charlie (East)	20.106	3-40-0099-56	1,557,685	5,211,065	-	(5,210,768)	16	313	-
Noise Mitigation With Sales Assistance	20.106	3-40-0099-57	7,000,000	1,673,242	-	-	63,100	1,071,032	665,310
Airfield Electrical Improvements	20.106	3-40-0099-58	4,132,805	148,929	-	-	7,838	156,767	-
Taxiway November – Phase II	20.106	3-40-0099-59	7,065,450	5,051,576	-	-	263,252	5,265,932	48,896
Rehab Runway 8-26 & Taxiways Charlie & Lima	20.106	3-40-0099-60	6,930,000	5,846,690	-	-	298,224	5,962,908	182,006
North Development Area Taxiways – Phase I	20.106	3-40-0099-62	1,181,357	105,033	-	-	5,469	109,345	1,157
Upgrade ARFF Equipment (HPR 6X6)	20.106	3-40-0099-63	2,001,112	1,790,535	-	-	88,400	1,842,232	36,703
Acquire Runway Protection Zone for Runway 8	20.106	3-40-0099-64	6,930,000	6,930,000	-	-	119,199	2,264,130	4,785,069
North Development Area Taxiways – Phase 2	20.106	3-40-0099-65	1,400,329	1,268,529	-	-	60,517	1,210,338	118,708
Extend Taxilane NA – Phase 8	20.106	3-40-0099-66	144,576	143,984	-	-	7,577	151,561	-
Acquire (Hangers) Runway Protection Zone	20.106	3-40-0099-67	2,250,000	2,242,823	-	-	501	10,006	2,233,318
North Development Area Taxiways – Phase 2	20.106	3-40-0099-68	1,696,680	-	1,696,680	-	102,895	1,642,408	157,167
Extend Taxilane NA – Phase 8	20.106	3-40-0099-69	836,000	-	836,000	-	35,180	703,528	167,652
			<u>\$ 69,280,773</u>	<u>\$ 33,781,742</u>	<u>\$ 2,322,353</u>	<u>\$ (5,463,288)</u>	<u>\$ 1,204,650</u>	<u>\$ 23,060,835</u>	<u>\$ 8,784,622</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
Year Ended June 30, 2009

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. and Lloyds of London	Up to \$75,000,000 for any one accident, or occurrence with \$25,000 deductible for each loss, and \$125,000 annual aggregate deductible	None	11/20/09	\$ 108,262
Property damage (including boilers and machinery and scheduled automotive equipment) fire and extended coverage	Great American Insurance Co.	Real and personal property damage not to exceed \$358,238,900 with \$100,000 deductible	None	7/1/09	\$ 150,459
Automotive personal liability and property damage off-airport	Mid-Continent Casualty Co.	Excess of \$250,000 up to \$1,000,000 bodily injury and property damage, combined single limit, each occurrence and in the aggregate	\$ 250,000	7/18/09	\$ 37,227

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
SCHEDULE OF SOURCES AND USES OF FUNDS
Year Ended June 30, 2009

	Revenue Accounts	CFC Accounts	Interest Accounts	Special Bond Principal Accounts	Construction Accounts	Operating Fund	Airports Special Reserve Funds		Airports Improvements Funds		Total
						Operating Reserve Accounts	General Accounts	Major Maintenance Accounts	Capital Improvement Accounts	Airports Account	
Balances at June 30, 2008, at cost	\$ 7,212,974	\$ 26	\$ 875,749	\$ 484,091	\$ 3,100,554	\$ 4,909,308	\$ 6,246,795	\$ 1,152,835	\$ 1,012,151	\$ -	\$ 24,994,483
Sources											
Income on invested funds	36,214	1,553	5,549	6,329	12,382	114,682	24,537	4,812	5,306	-	211,364
Proceeds from federal capital grants	-	-	-	-	-	-	21,755,338	-	-	-	21,755,338
Gross revenues from operations	35,365,390	-	-	-	-	-	506,073	-	-	-	35,871,463
	<u>42,614,578</u>	<u>1,579</u>	<u>881,298</u>	<u>490,420</u>	<u>3,112,936</u>	<u>5,023,990</u>	<u>28,532,743</u>	<u>1,157,647</u>	<u>1,017,457</u>	<u>-</u>	<u>82,832,648</u>
Transfers to (from) other trust funds											
Interest income transferred to Revenue Fund	(84,959)	-	3,953	6,334	(1)	45,110	21,323	4,812	3,435	-	7
Transfers to bond fund	10,624,231	-	(5,710,928)	(5,902,579)	-	(9)	-	-	-	-	(989,285)
Transfers to the City of Tulsa – special trust fund	18,958,883	-	-	-	-	-	-	-	-	-	18,958,883
Transfer to (from) other	5,197,848	(3,128,912)	-	-	810,365	-	(8,624,553)	126,954	-	-	(5,618,298)
	<u>34,696,003</u>	<u>(3,128,912)</u>	<u>(5,706,975)</u>	<u>(5,896,245)</u>	<u>810,364</u>	<u>45,101</u>	<u>(8,603,230)</u>	<u>131,766</u>	<u>3,435</u>	<u>-</u>	<u>12,351,307</u>
Applications											
Operating expenses											
Disbursements during the year	3,473,948	-	-	-	1,784	-	1,128,656	-	-	-	4,604,388
Interest expense	-	-	6,096,333	-	-	-	-	-	-	-	6,096,333
Construction and land acquisition	-	-	-	-	-	-	30,352,613	-	-	-	30,352,613
Principal payments on bonds	-	-	-	5,845,000	-	-	-	-	-	-	5,845,000
	<u>3,473,948</u>	<u>-</u>	<u>6,096,333</u>	<u>5,845,000</u>	<u>1,784</u>	<u>-</u>	<u>31,481,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,898,334</u>
Balances before year-end transfers	4,444,627	3,130,491	491,940	541,665	2,300,788	4,978,889	5,654,704	1,025,881	1,014,022	-	23,583,007
Transfers required by the bond indenture											
Transfers to general account	(1,664,802)	-	-	-	-	-	1,664,802	-	-	-	-
Transfers to major maintenance fund	(174,119)	-	-	-	-	-	-	174,119	-	-	-
Operating reserve	97,790	-	-	-	-	(97,790)	-	-	-	-	-
Transfers to capital improvement fund	(100,000)	-	-	-	-	-	-	-	100,000	-	-
Transfers to Airport Fund	(2,763,225)	-	-	-	-	-	-	-	-	2,763,225	-
Transfers from Airport Fund	2,763,225	-	-	-	-	-	-	-	-	(2,763,225)	-
Balances at June 30, 2009, at cost	\$ 2,603,496	\$ 3,130,491	\$ 491,940	\$ 541,665	\$ 2,300,788	\$ 4,881,099	\$ 7,319,506	\$ 1,200,000	\$ 1,114,022	\$ -	\$ 23,583,007

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
SCHEDULE OF NET REVENUE AVAILABLE FOR DEBT SERVICE
AND DEBT COVERAGE
Year Ended June 30, 2009

Gross revenues as defined by the 1984 Bond

Indenture as supplemented

Operating revenue	\$ 29,915,190
Nonoperating revenues (1)	409,070
General fund transfer (2)	512,807
Airport coverage account transfers (2)	2,500,013
PFC funds available for debt service	2,206,594
CFC funds committed for debt service	1,386,584
CFC funds available for debt coverage	<u>566,040</u>

Total gross revenues	<u>37,496,298</u>
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Gross expenses as defined by the 1984 Bond

Indenture as supplemented

Combined operating expenses	20,830,709
Capitalized expenditures classified as operating expenses in accordance with the 1984 Bond Indenture as supplemented	89,971
Inventory decrease	<u>(72,024)</u>

Total operating expenses	<u>20,848,656</u>
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Net revenue available for debt service	<u>\$ 16,647,642</u>
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Debt service	\$ 11,638,721
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Debt coverage	1.43
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- (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 Account to the Revenue Fund are considered as Gross Revenues for the next ensuing fiscal year.

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
SCHEDULE OF FUNDS ON DEPOSIT AND INVESTED
Year Ended June 30, 2009

Description	Due Date	Interest Rate	Yield at Market	Par Value	Investment Cost	Market Value
Revenue Funds						
DDA cash accounts				\$ 553,020	\$ 553,020	\$ 553,020
CFC Funds						
BOK Short-Term Cash Fund 1	On Demand	0.31%	0.31%	3,130,491	3,130,491	3,130,491
Interest Accounts						
BOK Short-Term Cash Fund 1	On Demand	0.31%	0.31%	491,939	491,939	491,939
Special Bond Principal Accounts						
BOK Short-Term Cash Fund 1	On Demand	0.31%	0.31%	541,667	541,667	541,667
Construction Funds						
BOK Short-Term Cash Fund 1	On Demand	0.31%	0.31%	2,300,786	2,300,786	2,300,786
Operating Funds – Operating Reserve Accounts						
BOK Short-Term Cash Fund 1	On Demand	0.31%	0.31%	5	5	5
FHLMC	10/15/2017	5.30%	5.24%	830,000	830,000	838,947
FHLB	2/26/2010	0.00%	0.00%	4,070,000	4,037,350	4,060,639
FNMA Arms	5/1/2024	2.78%	2.78%	12,872	13,744	12,919
Total Fund Operating Reserve Accounts					<u>4,881,099</u>	<u>4,912,510</u>
Airport Special Reserve Funds – Terminal Project Account Funds						
BOK Short-Term Cash Fund 1	On Demand	0.31%	0.31%	1,666,055	1,666,055	1,666,055
Airport Special Reserve Funds – General Funds						
BOK Short-Term Cash Fund 1	On Demand	0.31%	0.31%	5,125,877	5,125,877	5,125,877
FNMA ARMS #20086	7/1/2024	4.70%	4.96%	8,706	9,301	8,739
DDA cash account				987	987	987
Total Airport Special Reserve Funds – General Funds					<u>5,136,165</u>	<u>5,135,603</u>
Airport Special Reserve Funds – Major Maintenance Funds						
BOK Short-Term Cash Fund 1	On Demand	0.31%	0.31%	1,200,000	1,200,000	1,200,000
Airports Improvement Funds – Capital Improvement Funds						
BOK Short-Term Cash Fund 1	On Demand	0.31%	0.31%	914,808	914,808	914,808
FHLB	9/23/2009	0.00%	0.04%	205,000	199,212	204,918
Total Airports Improvement Funds – Capital Improvement Funds					<u>1,114,020</u>	<u>1,119,726</u>
					<u>21,015,242</u>	<u>21,051,797</u>
Other Accounts						
DDA cash accounts and petty cash				331,911	331,911	331,911
Pooled investments with city treasurer				2,864,030	2,864,030	2,799,889
BOK Short-Term Cash Fund 1	On Demand	0.31%	0.31%	7,441,230	7,441,230	7,441,230
Certificate of Deposit	3/31/2010	1.00%	1.00%	2,780,000	2,780,000	2,780,000
FHLB	9/23/2009	0.00%	0.04%	4,390,000	4,266,056	4,388,244
Treasury Money Funds	On Demand	0.06%	0.01%	44,455	44,455	44,455
SLUG	10/1/2023	5.15%	5.15%	690,074	690,074	690,074
Total other accounts					<u>18,417,756</u>	<u>18,475,803</u>
Total funds on deposit and invested					<u>\$ 39,432,998</u>	<u>\$ 39,527,600</u>

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
SCHEDULE OF PASSENGER FACILITY CHARGE REVENUES AND EXPENDITURES
Year Ended June 30, 2009

	Date Approved	Amount Approved	Cumulative Total – June 30, 2008	Quarter Ended			Year Ended June 30, 2009	Cumulative Total – June 30, 2009	
				September 30, 2008	December 31, 2008	March 31, 2009			June 30, 2009
Revenues:									
	Passenger facility charge revenue received		\$ 34,458,119	\$ 999,494	\$ 1,028,097	\$ 709,406	\$ 965,125	\$ 3,702,122	\$ 38,160,241
	Interest earned		2,447,668	66,926	5,960	53,351	3,575	129,812	2,577,480
	Total passenger facility charge revenue received		36,905,787	1,066,420	1,034,057	762,757	968,700	3,831,934	40,737,721
Expenditures:									
Application: 00-04	April 28, 2000								
Project 1	Terminal Security and FIDS Improvements	\$ 900,000	828,936	-	-	-	-	-	828,936
Project 2	Conduct Noise Mitigation	8,400,000	4,897,756	89,944	108,515	125,575	122,088	446,122	5,343,878
Project 3	Terminal Interior Improvements	3,000,000	1,669,638	-	-	2,080,363	-	2,080,363	3,750,001
Project 4	Airfield Drainage Improvements	2,000,000	482,474	-	-	-	-	-	482,474
Project 5	Airfield SRE Bldg Improvements	800,000	671,466	-	-	-	-	-	671,466
Project 6	Terminal Access Improvements	2,800,000	3,057,498	-	-	-	-	-	3,057,498
Application: 04-05	December 28, 2003								
Project 5-1	Terminal Building Rehabilitation	24,290,842	7,370,935	-	410,511	929,950	2,103,145	3,443,606	10,814,541
Project 5-2	Acquire Airport Safety Equipment	112,677	25,984	-	-	25,984	-	25,984	51,968
Project 5-3	Rehabilitate Taxiways and Taxilanes	1,200,000	1,944,001	13,490	45,681	144,183	24,050	227,404	2,171,405
Project 5-4	Extend Runway 8-26, Assort. Development	2,625,000	99,013	157	-	-	17,946	18,103	117,116
Project 5-5	Rehabilitate Runway 18L-36R Lighting	-	-	-	-	-	-	-	-
Application: 08-06	October 18, 2008								
Project -6-1	Terminal Rehab & Improvement	62,083,406	-	-	38,780	190,575	1,157,083	1,386,438	1,386,438
Project 6-2	Terminal Access Roadway Rehabilitation	1,350,000	-	-	-	24,757	50,659	75,416	75,416
Project 6-3	MALSR Installation R/W 26	150,000	-	-	-	-	-	-	-
Project 6-4	R/W 26 Repair and Rehabilitation	90,000	-	-	-	-	-	-	-
Project 6-5	T/W C and T/W L Repair and Rehab	70,000	-	-	-	-	-	-	-
Project 6-6	R/W 18L/36R Rehabilitation	1,050,000	-	-	-	34,846	2,691	37,537	37,537
Project 6-7	T/W J Design and Rehabilitation	250,000	-	-	-	-	-	-	-
	Total passenger facility charge revenues and expenditures		21,047,701	103,591	603,487	3,556,233	3,477,662	7,740,973	28,788,674
	Net increase (decrease) in cash and cash equivalents		15,858,086	962,829	430,570	(2,793,476)	(2,508,962)	(3,909,039)	11,949,047
	Cash and cash equivalents balance, beginning of year		-	15,858,086	16,820,915	17,251,485	14,458,009	15,858,086	-
	Cash and cash equivalents balance, end of year		\$ 15,858,086	\$ 16,820,915	\$ 17,251,485	\$ 14,458,009	\$ 11,949,047	\$ 11,949,047	\$ 11,949,047

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
SCHEDULE OF PASSENGER FACILITY CHARGE REVENUES AND
EXPENDITURES, continued
Year Ended June 30, 2009

PFC Audit Summary

Tulsa Airports Improvement Trust
Fiscal Year Ended June 30, 2009

- | | | | |
|-----|---|---|------------------------------------|
| 1. | Type of report issued on PFC financial statements. | <input checked="" type="checkbox"/> Unqualified | <input type="checkbox"/> Qualified |
| 2. | Type of report on PFC compliance. | <input checked="" type="checkbox"/> Unqualified | <input type="checkbox"/> Qualified |
| 3. | Quarterly Revenue and Disbursements reconcile with submitted quarterly reports and reported unliquidated revenue matches actual amounts. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 4. | PFC Revenue and Interest is accurately reported on FAA Form 5100-0127. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 5. | The Public Agency maintains a separate financial accounting record for each application. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 6. | Funds disbursed were for PFC eligible items as identified in the FAA decision to pay only for the allowable costs for the projects. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 7. | Monthly carrier receipts were reconciled with quarterly carrier reports. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 8. | PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 9. | Serving carriers were notified on PFC program actions/changes approved by the FAA. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 10. | Quarterly Reports were transmitted (or available via website) to remitting carriers. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 11. | The Public Agency is in compliance with Assurances 5, 6, 7 and 8. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 12. | Project design and implementation is carried out in accordance with Assurance 9. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 13. | Program administration is carried out in accordance with Assurance 10. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 14. | For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
STATISTICAL INFORMATION (UNAUDITED)
Year Ended June 30, 2009

Five-Year Construction in Progress – The Airport’s total estimated cost for the years ending 2010 through 2014:

<i>(in thousands of dollars)</i>	<u>Total</u>	<u>Federal</u>	<u>Local</u>
Terminal building	\$ 31,100	\$ 5,795	\$ 25,305
Noise	19,801	18,810	991
Airfield	38,240	35,516	2,724
RVS	15,475	12,818	2,657
Safety/transport equipment	750	712	38
Roadway	10,150	760	9,390
Other buildings/grounds	34,850	10,925	23,925
Total estimated cost	<u>\$ 150,366</u>	<u>\$ 85,336</u>	<u>\$ 65,030</u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
January	98,191	95,928	104,275	109,403	103,027	115,447	100,386
February	93,639	97,980	100,854	105,731	105,564	114,980	96,939
March	111,994	130,813	129,477	137,736	134,435	136,795	110,121
April	101,465	117,247	124,729	125,463	127,063	130,977	114,171
May	122,547	139,215	145,114	149,085	149,167	158,118	126,304
June	129,916	141,206	150,997	150,896	156,646	150,291	133,070
July	133,460	139,979	155,160	149,753	157,115	157,183	139,217
August	116,275	123,530	129,784	135,129	145,077	136,059	120,473
September	114,182	119,957	125,956	126,243	132,117	115,400	114,709
October	123,392	127,645	135,900	137,185	146,807	136,485	125,078
November	110,325	120,107	134,528	131,339	130,265	116,154	113,907
December	118,557	121,469	126,934	128,580	121,232	123,894	N/A ⁽¹⁾
Annual	<u>1,373,943</u>	<u>1,475,076</u>	<u>1,563,708</u>	<u>1,586,543</u>	<u>1,608,515</u>	<u>1,591,783</u>	<u>1,294,375</u>

⁽¹⁾ Not available

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statistical Information (Unaudited)
Year Ended June 30, 2009

Average Daily Scheduled Flights

Airline	2003		2004		2005		2006		2007		2008		2009	
	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	Daily Arrivals & Departures	% of Total	Daily Arrivals & Departures	% of Total
American	40	24.10%	30	20.00%	36	22.50%	32	20.50%	20	12.70%	29	19.20%	28	21.21%
Continental	10	6.00%	12	8.00%	20	12.50%	22	14.10%	18	11.40%	23	15.20%	19	14.39%
Delta	28	16.90%	28	18.70%	24	15.00%	24	15.40%	22	13.90%	22	14.60%	19	14.39%
ExpressJets	-	N/A	-	N/A	-	N/A	-	N/A	20	12.70%	8	5.30%	-	N/A
Frontier	-	N/A	-	N/A	4	2.50%	4	2.60%	6	3.80%	-	N/A	-	N/A
Great Plains	10	6.00%	-	N/A	-	N/A	-	N/A	-	N/A	-	N/A	-	N/A
Northwest Airlink/Pinnacle	16	9.60%	16	10.70%	16	10.00%	14	9.00%	14	8.90%	14	9.30%	14	10.61%
Southwest	46	27.70%	44	29.30%	40	25.00%	40	25.60%	40	25.30%	38	25.20%	33	25.00%
United	16	9.60%	20	13.30%	20	12.50%	20	12.80%	18	11.40%	17	11.30%	19	14.39%
	<u>166</u>	<u>100.00%</u>	<u>150</u>	<u>100.00%</u>	<u>160</u>	<u>100.00%</u>	<u>156</u>	<u>100.00%</u>	<u>158</u>	<u>100.00%</u>	<u>151</u>	<u>100.00%</u>	<u>132</u>	<u>100.00%</u>

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
STATISTICAL INFORMATION (UNAUDITED), continued
Year Ended June 30, 2009

Airline Enplaned Passengers

Airline	2003		2004		2005		2006		2007		2008		2009	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
American	288,059	20.70%	305,294	21.20%	259,942	17.20%	278,035	17.50%	281,151	17.75%	312,303	19.09%	318,121	21.70%
American Connection/Transtates	-	N/A	-	N/A	5,566	0.40%	16,999	1.10%	29,300	1.85%	38,231	2.30%	24,920	1.70%
American Eagle	100,467	7.20%	82,808	5.80%	98,788	6.60%	106,082	6.69%	95,013	6.00%	79,936	4.90%	54,424	3.71%
Casino Express	937	0.10%	655	0.00%	1,022	0.10%	82	0.01%	49	0.00%	189	0.01%	-	N/A
Charters	25,974	1.90%	26,611	1.80%	25,031	1.70%	24,306	1.50%	26,827	1.69%	18,437	1.10%	9,154	0.62%
Continental	99,217	7.10%	78,019	5.40%	78,755	5.20%	57,752	3.60%	60,654	3.83%	95,723	5.80%	58,868	4.02%
Continental Express	14,616	1.10%	44,592	3.10%	67,021	4.40%	102,922	6.50%	100,449	6.34%	21,570	1.30%	79,626	5.43%
Continental Express/Chautauqua	-	N/A	-	N/A	11,139	0.70%	-	N/A	7,970	0.50%	51,887	3.20%	17,891	1.22%
Delta	114,027	8.20%	95,306	6.60%	83,584	5.50%	11,417	0.70%	-	0.00%	-	N/A	-	N/A
Delta Connection/ASA	43,674	3.10%	10,357	0.70%	22,039	1.50%	96,451	6.10%	82,905	5.23%	77,308	4.70%	89,778	6.12%
Delta Connection/Chautauqua	-	N/A	28,027	1.90%	-	N/A	-	N/A	-	0.00%	-	N/A	-	N/A
Delta Connection/Comair	26,856	1.90%	35,265	2.50%	44,365	2.90%	26,557	1.70%	36,491	2.30%	32,752	2.00%	8,037	0.55%
Delta Connection/SkyWest	12,388	0.90%	17,102	1.20%	40,841	2.70%	42,855	2.70%	35,315	2.23%	31,677	1.90%	26,168	1.78%
ExpressJets	-	N/A	-	N/A	-	N/A	-	N/A	7,260	0.46%	63,069	3.80%	9,113	0.62%
Frontier	-	N/A	-	N/A	3,037	0.20%	33,272	2.10%	39,834	2.51%	42,168	2.60%	-	N/A
Great Plains	17,008	1.20%	9,277	0.60%	-	N/A	-	N/A	98,734	6.23%	-	N/A	-	N/A
Northwest Airlin/Pinnacle	74,095	5.30%	92,512	6.40%	101,680	6.70%	95,039	6.00%	499,252	31.52%	97,799	6.00%	100,643	6.86%
Southwest	454,525	32.70%	465,478	32.40%	508,037	33.70%	506,058	31.90%	-	0.00%	504,064	30.80%	494,170	33.71%
TWA	-	N/A	-	N/A	-	N/A	-	N/A	90,817	5.73%	-	N/A	-	N/A
United	74,151	5.30%	60,842	4.20%	48,571	3.20%	71,911	4.50%	-	0.00%	91,579	5.60%	89,629	6.11%
United Express/Air Wisconsin	-	N/A	-	N/A	41,786	2.80%	7,221	0.50%	-	0.00%	-	N/A	-	N/A
United Express/Atlantic Coast	40,711	2.90%	51,264	3.60%	2,537	0.20%	-	N/A	-	0.00%	-	N/A	-	N/A
United Express/GoJet	-	N/A	-	N/A	-	N/A	29,980	1.90%	14,365	0.91%	-	N/A	-	N/A
United Express/Mesa	-	N/A	3,519	0.20%	152	N/A	-	N/A	-	0.00%	-	N/A	-	N/A
United Express/SkyWest	4,916	0.40%	31,652	2.20%	64,240	4.30%	76,745	4.80%	65,257	4.12%	58,477	3.60%	48,884	3.33%
United Express/Trans States	-	N/A	-	N/A	-	N/A	2,892	0.20%	12,488	0.79%	22,052	1.30%	36,660	2.50%
	<u>1,391,621</u>	<u>100.00%</u>	<u>1,438,580</u>	<u>100.00%</u>	<u>1,508,133</u>	<u>100.00%</u>	<u>1,586,576</u>	<u>100.00%</u>	<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>

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
STATISTICAL INFORMATION (UNAUDITED), continued
Year Ended June 30, 2009

Airline – Air Cargo Landed Weight (in pounds)

Airline/Air Cargo Carrier	2003		2004		2005		2006		2007		2008		2009	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
American	532,061,000	19.33%	511,757,500	19.80%	416,203,000	16.86%	413,055,000	16.63%	391,095,000	15.92%	487,602,000	17.40%	431,823,500	18.79%
American Connection/Chautauqua	-	N/A	-	N/A	-	0.00%	-	N/A	-	N/A	-	N/A	10,381,956	0.45%
American Connection/Transtates	-	N/A	-	N/A	5,572,596	0.23%	18,551,364	0.75%	30,592,731	1.25%	44,506,254	1.59%	20,047,703	0.87%
American Eagle	109,603,407	3.98%	91,204,639	3.53%	102,245,966	4.14%	117,626,454	4.74%	108,958,812	4.44%	85,392,909	3.05%	59,867,428	2.60%
Casino Express	1,920,000	0.07%	1,492,000	0.06%	2,440,000	0.10%	214,000	0.01%	-	N/A	-	N/A	-	N/A
Charters	27,853,000	1.01%	24,573,000	0.95%	24,678,000	1.00%	24,640,000	0.99%	27,840,000	1.13%	19,680,000	0.70%	-	N/A
Continental	157,176,000	5.71%	112,510,000	4.35%	121,262,000	4.91%	188,390,000	7.59%	170,503,000	6.94%	146,641,000	5.23%	51,684,000	2.25%
Continental Express	15,149,500	0.55%	49,458,100	1.91%	54,245,000	2.20%	-	N/A	8,020,000	0.33%	59,170,500	2.11%	-	N/A
Continental Express/Chautauqua	-	N/A	-	N/A	-	0.00%	-	N/A	-	N/A	-	N/A	20,287,500	0.88%
Continental Express/ExpressJet	-	N/A	-	N/A	-	0.00%	-	N/A	-	N/A	-	N/A	104,843,000	4.56%
Delta	253,760,000	9.22%	173,368,000	6.71%	120,847,000	4.90%	19,577,000	0.79%	-	N/A	-	N/A	-	N/A
Delta Connection/ASA	67,301,468	2.45%	13,891,408	0.54%	33,363,000	1.35%	117,694,000	4.74%	102,998,000	4.19%	96,121,000	3.43%	102,603,000	4.46%
Delta Connection/Chautauqua	-	N/A	50,858,895	1.97%	18,708,027	0.76%	-	N/A	3,898,000	0.16%	-	N/A	-	N/A
Delta Connection/Comair	50,760,000	1.84%	59,925,000	2.32%	57,011,000	2.31%	33,652,000	1.36%	44,321,000	1.80%	48,932,000	1.75%	8,554,000	0.37%
Delta Connection/Pinnacle	-	N/A	-	N/A	-	0.00%	-	N/A	-	N/A	-	N/A	116,334,000	5.06%
Delta Connection/SkyWest	15,510,000	0.56%	23,876,000	0.92%	47,141,000	1.91%	53,157,000	2.14%	41,595,000	1.69%	43,543,000	1.55%	28,106,000	1.22%
ExpressJets	-	N/A	-	N/A	-	0.00%	-	N/A	21,358,855	0.87%	117,563,108	4.20%	9,154,629	0.40%
Frontier	-	N/A	-	N/A	5,160,983	0.21%	48,317,940	1.95%	62,903,000	2.56%	61,971,724	2.21%	-	N/A
Great Plains	53,148,793	1.93%	31,466,063	1.22%	-	0.00%	-	N/A	-	N/A	-	N/A	-	N/A
Northwest Airlink/Pinnacle	127,289,200	4.63%	132,411,500	5.12%	137,708,200	5.58%	123,751,000	4.98%	117,030,000	4.76%	126,336,000	4.51%	-	N/A
Southwest	871,632,000	31.67%	811,127,000	31.39%	798,258,000	32.34%	775,378,000	31.22%	772,284,000	31.43%	858,000,000	30.62%	774,600,000	33.70%
TWA	-	N/A	-	N/A	-	0.00%	-	N/A	-	N/A	-	N/A	-	N/A
United	111,212,962	4.04%	82,902,162	3.21%	66,245,708	2.68%	89,625,797	3.61%	113,970,183	4.64%	130,923,326	4.67%	121,139,043	5.27%
United Express/Air Wisconsin	-	N/A	-	N/A	48,034,000	1.95%	9,306,000	0.37%	13,844,469	0.56%	27,571,752	0.98%	-	N/A
United Express/Atlantic Coast	59,314,000	2.16%	71,977,000	2.79%	5,828,000	0.24%	-	N/A	-	N/A	-	N/A	-	N/A
United Express/GoJet	-	N/A	-	N/A	-	0.00%	44,153,000	1.78%	20,301,000	0.83%	-	N/A	-	N/A
United Express/Mesa	-	N/A	3,901,000	0.15%	141,000	0.01%	-	N/A	-	N/A	-	N/A	-	N/A
United Express/SkyWest	5,311,000	0.19%	35,434,000	1.37%	73,416,000	2.97%	103,028,000	4.15%	84,374,000	3.43%	82,258,000	2.94%	56,120,000	2.44%
United Express/Trans States	-	N/A	-	N/A	-	0.00%	-	N/A	-	N/A	-	N/A	42,038,412	1.83%
Other Passenger	-	N/A	-	N/A	-	0.00%	-	N/A	-	N/A	-	N/A	16,849,870	0.73%
Air Cargo Carriers	9,302,600	0.34%	11,336,600	0.44%	11,310,500	0.46%	2,221,800	0.09%	289,660	0.01%	-	N/A	-	N/A
Airborne	26,329,600	0.96%	26,670,100	1.03%	30,087,900	1.22%	30,653,700	1.23%	31,517,200	1.28%	33,600,700	1.20%	18,431,300	0.80%
Emery	-	N/A	-	N/A	-	0.00%	-	N/A	-	N/A	-	N/A	-	N/A
FedEx	179,871,850	6.54%	185,067,300	7.16%	208,326,950	8.44%	188,338,950	7.58%	197,577,000	8.04%	231,770,650	8.27%	218,091,900	9.49%
Martinaire	7,497,000	0.27%	8,078,800	0.31%	8,121,300	0.33%	8,177,000	0.33%	7,981,500	0.32%	9,256,500	0.33%	6,154,000	0.27%
UPS	70,160,500	2.55%	71,023,000	2.75%	71,896,000	2.91%	74,024,500	2.98%	83,970,000	3.42%	91,023,000	3.25%	74,717,240	3.25%
Other Cargo	-	N/A	-	N/A	-	0.00%	-	N/A	-	N/A	-	N/A	6,739,810	0.29%
	<u>2,752,163,880</u>	<u>100.00%</u>	<u>2,584,309,067</u>	<u>100.00%</u>	<u>2,468,251,130</u>	<u>100.00%</u>	<u>2,483,532,505</u>	<u>100.00%</u>	<u>2,457,222,410</u>	<u>100.00%</u>	<u>2,801,863,423</u>	<u>100.00%</u>	<u>2,298,568,291</u>	<u>100.00%</u>

**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 Airports Improvement Trust
Tulsa, Oklahoma

We have audited the financial statements of Tulsa Airports Improvement Trust (the "Trust") as of and for the year ended June 30, 2009, and have issued our report thereon dated January 22, 2010. 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 deficiencies described in the accompanying schedule of findings and responses as items 09-01 and 09-02 to be significant deficiencies 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 Airports Improvement 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 and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 09-01 and 09-02 to be material weaknesses.

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*.

We also noted certain additional matters that we reported to the Trust's management in a separate letter dated January 22, 2010.

The Trust's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Trust's responses and, accordingly, we express no opinion on them.

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

January 22, 2010

Independent Accountants' Report on Compliance and Internal Control Over Compliance With Requirements Applicable to the Passenger Facility Charge Program

Board of Trustees
Tulsa Airports Improvement Trust
Tulsa, Oklahoma

Compliance

We have audited the compliance of Tulsa Airports Improvement Trust (the "Trust") with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration ("Guide"), for its passenger facility charge program for the year ended June 30, 2009. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the Trust's management.

Our responsibility is to express an opinion on the compliance of the Trust based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Trust's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Trust's compliance with those requirements.

In our opinion, Tulsa Airports Improvement Trust complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Trust is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the Trust's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control over compliance.

Board of Trustees
Tulsa Airports Improvement Trust

A control deficiency in an entity's internal control over compliance 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 noncompliance with a compliance requirement of the passenger facility charge program 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 administer the passenger facility charge program such that there is more than a remote likelihood that noncompliance with a compliance requirement of the passenger facility charge program that is more than inconsequential will not be prevented or detected by the Trust's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a compliance requirement of the passenger facility charge program will not be prevented or detected by the Trust's internal control.

Our consideration of the internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, Trust management, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

BKD LLP

January 22, 2010

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2009

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
09-01	<p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – Inventory held by the Trust contained costing errors for certain older items. Invoices and/or price quotes for these older items were not available. Therefore, in some cases, costs were not recorded for inventory based on amounts actually paid at the time of purchase or relieved from inventory on a first-in, first-out (“FIFO”) basis. Also, certain inventory items were improperly expensed during 2009.</p> <p>Context – Timely and accurate financial statements are critical to managing operations and communicating financial position and results of operations to interested parties.</p> <p>Effect – Potential material misstatements in the financial statements or material misappropriations of assets due to error or fraud could occur and not be detected and/or corrected in a timely manner.</p> <p>Cause – The inventory was capitalized for the first time last year, and proper documentation of per unit costs had not historically been maintained. As for the expensing of inventory items, Trust management attempted an accounting change that would lessen the accounting burden in this area, but such change would have led to inconsistencies in application and would have weakened controls over inventory.</p> <p>Recommendation – Management should maintain perpetual inventory records, including proper pricing documentation, continue performing physical inventory observations, evaluate inventory for slow-moving and obsolete items, and continue to record and report inventory items at cost utilizing the first-in, first-out methodology adopted by the Trust.</p> <p>Views of Responsible Officials and Planned Corrective Actions – Management will identify and remove obsolete inventory. Any useable items not having a proper valuation will be identified and an acceptable method for establishing value will be undertaken and documented. Management has taken recent action, and will continue to do so, with regards to maintaining perpetual inventory records, ensuring proper pricing documentation and performing physical inventory observations.</p>

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
SCHEDULE OF FINDINGS AND RESPONSES, continued
Year Ended June 30, 2009

Findings Required to be Reported by Government Auditing Standards

Reference Number	Finding
09-02	<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>A summary of deficiencies within the capital assets cycle follow:</p> <ol style="list-style-type: none"> 1. A sale of a capital assets was recorded in the current year when the sale occurred prior to 2009. 2. Capital assets were improperly expensed in 2009 and prior to 2009, which also resulted in under-reporting of depreciation expense for these items. 3. The general ledger and fixed asset subledger detail did not agree. <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 capital asset information.</p> <p>Views of Responsible Officials and Planned Corrective Actions – Management will actively support the City of Tulsa’s efforts to address identified concerns relating to the accounting for capital assets; or in the alternative, will seek solutions available to the Trust in order to ensure that capital assets are properly accounted.</p>

TULSA AIRPORTS IMPROVEMENT TRUST
(A Component Unit of the City of Tulsa, Oklahoma)
SCHEDULE OF FINDINGS AND RESPONSES, continued
Year Ended June 30, 2009

Findings Required to be Reported by the Federal Aviation Administration

Reference Number	Finding
None.	