Tulsa Airports Improvement Trust

(A Component Unit of the City of Tulsa, Oklahoma)

FINANCIAL REPORT

June 30, 2016 and 2015

RSM US LLP

Independent Auditor's Report

Board of Trustees
Tulsa Airports Improvement Trust
Tulsa, Oklahoma

Report on the Financial Statements
We have audited the accompanying financial statements of the Tulsa Airports Improvement Trust (TAIT), a component unit of the City of Tulsa, Oklahoma, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise TAIT's basic financial statements as listed in the table of contents.

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

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TAIT, as of June 30, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9 and pension information on page 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of operating revenue information, listed in the table of contents as supplementary information, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The statement is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The accompanying other statistical information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our reports for the years ended June 30, 2016 and 2015 dated November 28, 2016 and January 19, 2016, respectively, on our consideration of TAIT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TAIT's internal control over financial reporting and compliance.

RSM US LLP

Kansas City, Missouri
November 28, 2016

As management of the Tulsa Airports Improvement Trust ("TAIT"), we offer readers of TAIT's financial statements this narrative overview and analysis of the financial activities of TAIT for the fiscal years ended June 30, 2016 and 2015.

Following Management's Discussion and Analysis are the financial statements of TAIT 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 TAIT's financial statements.

	2016	2015	2014
Enplaned Passengers	**1,368,300**	1,373,832	1,345,211
Airfreight (Tons)	**57,947**	60,089	57,794
Airline/Aircraft Movements (TUL)	**87,598**	101,441	96,117
Aircraft Movements - R.L. Jones Airport	**179,604**	181,223	123,569
Landed weights	**1,962,445,829**	2,046,167,662	2,081,182,077

Airport Activities Highlights

Tulsa Airports Improvement Trust operates Tulsa International Airport (TUL), R.L. Jones, Jr. Airport (RVS), and recently began managing Okmulgee Regional Airport (OKM) in 2015. As of June 30, 2016 there are five airlines serving Tulsa International Airport, along with several charter carriers, and three freight carriers.

Airport passenger activity was unchanged from FY15 despite the downturn of the energy industry. Passenger enplanements remained steady at 1,368,300 after increasing by 2 percent during FY15. Overall airline seat capacity decreased by 4.8 percent as air carriers adjusted schedules to reflect decreased demand to energy dominant markets. However, Allegiant Air launched service to two new cities in FY16 and increased seat capacity by 84 percent compared to FY15. Allegiant now provides year round service to Las Vegas, Los Angeles, and Orlando Sanford, as well as seasonal service to Tampa/St. Petersburg, New Orleans, and Baltimore.

Financial Position Summary as of June 30, 2016 (in thousands of dollars)

- The assets and deferred outflows of resources of TAIT exceeded liabilities and deferred inflows of resources at the close of the most recent year by $271,853.
- Net position decreased $816 from $272,669 at June 30, 2015 to $271,853 at June 30, 2016.
- Total liabilities decreased $3,797 from $198,236 at June 30, 2015 to $194,439 at June 30, 2016.
- Cash and cash equivalents decreased $24,517 from $55,457 at June 30, 2015 to $30,940 at June 30, 2016.

Overview of the Financial Statements

The Trust is reported by the City of Tulsa, Oklahoma (the City) as a discretely presented component unit in the City's Comprehensive Annual Financial Report. The primary function of TAIT is to operate and maintain the City's two airports and finance capital improvements.

This discussion and analysis is intended to serve as an introduction to TAIT's financial statements. The basic financial statements include: 1) Statements of Net Position, 2) Statements of Revenues, Expenses, and Changes in Net Position, 3) Statements of Cash Flows, and 4) Notes to the Financial Statements.

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 Position includes all of TAIT's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of TAIT is improving or deteriorating. All of TAIT's current year revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. The Statement of Cash Flows provides information about cash receipts, cash payments, and changes in cash resulting from operating, investing, and capital financing activities.

During the fiscal year ending June 30, 2015, TAIT implemented GASB Statement Nos. 68 and 71, which restated beginning net position for the recognition of TAIT's proportionate share of the pension liability. The financial information presented for the fiscal year ending June 30, 2014 has not been restated for this implementation.

Summary of Net Position

(in thousands of dollars)	2016	2015 (as restated)	2014 (not restated)
Assets			
Current and other assets	**$ 57,226**	$ 81,812	$ 79,194
Capital assets, net	**399,958**	384,600	384,278
Total assets	**457,184**	466,412	463,472
Deferred outflows of resources	**11,157**	7,540	6,716
Liabilities			
Current and other liabilities	**14,539**	7,995	10,035
Long-term debt outstanding	**179,900**	190,241	170,931
Total liabilities	**194,439**	198,236	180,966
Deferred inflows of resources	**2,049**	3,047	-
Net position			
Net investment in capital assets	**254,788**	254,247	258,359
Restricted	**9,284**	8,473	9,009
Unrestricted	**7,781**	9,949	21,854
Total net position	**$ 271,853**	$ 272,669	$ 289,222

The largest portion (94 percent) and (93 percent) of TAIT's net position as of June 30, 2016 and 2015, 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 TAIT'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 and specifically identified nonoperating revenues.

Summary of Changes in Net Position

(in thousands of dollars)	**2016**	2015 (as restated)	2014 (not restated)
Operating revenues	**$ 32,305**	$ 30,823	$ 33,452
Nonoperating revenues, including capital grants	**13,224**	14,150	29,802
Total revenues	**45,529**	44,973	63,254
Operating expenses	**36,257**	38,340	35,587
Nonoperating expenses	**10,088**	12,815	11,309
Total expenses	**46,345**	51,155	46,896
Special item	**-**	-	1,042
Increase (decrease) in net position	**$ (816)**	$ (6,182)	$ 17,400

- For the year ended June 30, 2016 operating revenues, which consist primarily of rents and services fees, increased 4.8 percent due to timing differences in the Airline Reconciliation and Revenue Sharing calculations for FY2015 which were recorded in FY2016. For the year ended June 30, 2015 operating revenues decreased 7.9 percent due to the prior year's recognition of additional rental income owed by a cargo tenant in FY2014.

- Nonoperating revenues decreased 6.5 percent in FY2016 due to changes in the level of federal grant receipts and reductions in other contributions. The decrease of 52.5 percent in FY2015 was also due to changes in the level of federal grants awarded, reflecting the concluding phases of a runway reconstruction project.

- Operating expenses decreased $2,083 for the year ended June 30, 2016 due to an increase of approximately $2 million of various market-based and budgeted salary increases, and a lower than expected attrition rate, offset by decreased depreciation expense of approximately $4 million. Operating expenses increased $2,753 for the year ended June 30, 2015 due to a decrease of approximately $1.8 million in service contracts which included a significant reduction in the use of temporary staffing, along with a reduction in fees for indirect services as anticipated, offset by an increase in depreciation expense.

- Nonoperating expenses decreased 21.3 percent for the year ended June 30, 2016 because there were no litigation expenses or bond issuance costs. Interest expense also decreased as a result of the bond refinancing activities of 2015. Nonoperating expenses increased 13.3 percent for the year ended June 30, 2015 primarily due to the recognition of bond issuance costs related to the 2015 general airport revenue bonds and the BOKF Litigation settlement.

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)	**2016**	2015	2014
Cash flows			
Provided by operating activities	**$ 10,185**	$ 11,002	$ 10,855
Provided by non-capital and related financing activities	**23**	(855)	10
Provided by (used in) capital and related financing activities	**(35,234)**	(6,477)	11,097
Provided by investing activities	**509**	69	829
Net increase (decrease) in cash and cash equivalents	**(24,517)**	3,739	22,791
Cash and cash equivalents			
Beginning of year	**55,457**	51,718	28,927
End of year	**$ 30,940**	$ 55,457	$ 51,718

Capital Assets (in thousands of dollars)

The Trust's investment in capital assets amounted to $399,958 (net of accumulated depreciation). The Trust paid $28,806 and $22,010 related to the acquisition and construction of capital assets for the years ended June 30, 2016 and 2015, respectively.

(in thousands of dollars)	**2016**	2015	2014
Land and improvements	**$ 343,811**	$ 318,925	$ 340,646
Easements	**70,838**	70,838	70,872
Buildings	**234,870**	208,671	215,548
Art	**291**	291	10
Equipment	**18,924**	19,103	31,357
	668,734	617,828	658,433
Less: Accumulated depreciation	**(314,025)**	(302,743)	(334,175)
Construction-in-progress	**45,249**	69,515	60,020
Capital assets, net	**$ 399,958**	$ 384,600	$ 384,278

Long-Term Debt (in thousands of dollars)

At June 30, 2016, TAIT had outstanding long-term portion of general revenue bonds of $165,577. The bonds are collateralized by and payable from the revenues of TAIT. The bonds mature per a set schedule with the last maturity occurring on June 1, 2045.

	(in thousands of dollars)		
	2016	2015	2014
Revenue bonds	**$ 165,577**	$ 173,789	$ 161,421

The Trust's debt decreased by $8,212 in fiscal year 2016 due to scheduled payments of principal in 2016 and increased by $12,368 in 2015 due to the issuance of Series 2015 A, B, C and D general airport revenue bonds.

Signatory Airline Rates and Charges

Under the Use and Lease Agreements between the airlines and TAIT, 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 percent 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. The current Agreement expires June 30, 2018.

Signatory Airline Terminal rental rates for fiscal years 2016, 2015 and 2014 ranged from $21.92 to $87.68 per square foot. Signatory landing fees were $3.04, $2.87 and $2.79 per 1000 lbs for 2016, 2015 and 2014, respectively.

Economic Factors

The Tulsa Metropolitan Statistical Area (MSA) comprises seven counties: Creek, Okmulgee, Osage, Pawnee, Rogers, Tulsa and Wagoner, whose aggregate population is estimated to be 981,005 or 25.1 percent of the population of the state of Oklahoma. The gross product or value of all goods and services produced in the seven county MSA is estimated to be $49.3 billion (2009 dollars), or 30.3 percent of the Oklahoma economy.

Tulsa's major industries are aerospace, including aerospace manufacturing and aviation; health care; energy; machinery and electrical equipment manufacturing; transportation, distribution and logistics. Several clusters, or groups of companies within industries that buy or sell to each other in the manufacture of goods for export from the area, have disproportionately large concentrations of employment relative to the U.S. concentrations and are positioned to grow within the Tulsa MSA.

In the five-year period ended with 2015, all sectors in the Tulsa economy except information and financial activities showed positive annual average growth. The highest growth occurred in the construction and manufacturing sectors, with 3.9 percent and 2.3 percent annual average growth, respectively. Tulsa's target sectors of mining, manufacturing, transportation, business & professional services and education, information technology and health services aggregately gained over 14,000 jobs, despite slower growth in 2015 due to lower oil prices.

Contacting TAIT's Financial Management

Questions about this report or requests for additional financial information can be directed to the Deputy Airports Director, Finance and Administration, 7777 E. Apache St., Room A217, Tulsa, OK 74115.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statements of Net Position
June 30, 2016 and 2015

(in thousands of dollars)	**2016**	2015
Assets		
Current assets		
Cash and cash equivalents	$ 14,783	$ 16,988
Cash and cash equivalents - restricted	2,016	2,891
Investments - restricted	200	450
Receivables		
Trade, less allowance for doubtful accounts of $20	1,501	1,920
Intergovernmental receivable	253	150
Customer facility charges receivable	274	295
Inventory	1,480	1,388
Other current assets	415	231
Total current assets	20,922	24,313
Noncurrent assets		
Cash and cash equivalents - restricted	14,141	35,578
Investments	2,355	2,333
Investments - restricted	18,579	18,357
Passenger facility charges receivable - restricted	681	687
Accrued interest receivable - restricted	6	3
Capital assets not being depreciated	188,951	212,520
Capital assets, net of accumulated depreciation	211,007	172,080
Advance to primary government	127	127
Other	415	414
Total noncurrent assets	436,262	442,099
Total assets	$ 457,184	$ 466,412
Deferred Outflows of Resources		
Deferred charges on refunding	$ 6,309	$ 6,944
Pension related amounts	4,848	596
Total deferred outflows of resources	$ 11,157	$ 7,540

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 Position, continued
June 30, 2016 and 2015

(in thousands of dollars)	**2016**	2015
Liabilities		
Current liabilities		
Accounts payable	$ 1,540	$ 1,854
Accounts payable - restricted	3,578	2,703
Customer deposits - restricted	40	40
Current portion of compensated absences	122	125
Other accrued expenses	158	129
Unearned revenue	477	455
Current portion of bonds	7,820	9,425
Accrued interest payable - restricted	804	833
Total current liabilities	14,539	15,564
Noncurrent liabilities		
Compensated absences	924	864
Other accrued expenses	559	731
Net pension liability	12,840	7,288
Bonds payable, net	165,577	173,789
Total noncurrent liabilities	179,900	182,672
Total liabilities	194,439	198,236
Deferred inflows of resources, pension related amounts	2,049	3,047
Net position		
Net investment in capital assets	254,788	254,247
Restricted for		
Restricted by bond indenture for operations	5,945	6,041
Debt service	667	799
Capital projects	2,513	1,474
Other purposes	159	159
Total restricted net position	9,284	8,473
Unrestricted	7,781	9,949
Total net position	$ 271,853	$ 272,669

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 Position
Years Ended June 30, 2016 and 2015

(in thousands of dollars)	**2016**	2015
Operating revenue		
Aeronautical operating revenues		
Landing fees - signatory and non-signatory	**$ 6,966**	$ 5,096
Passenger airline terminal revenue - signatory and non-signatory	**5,384**	5,786
Other Aeronautical Revenue	**3,492**	3,460
Total Aeronautical Revenue	**15,842**	14,342
Non-Areonautical Operating Revenue		
Terminal Revenues	**2,081**	1,861
Rental car revenues	**4,688**	4,732
Parking revenues	**7,882**	8,110
Other Non-Areonautical Operating Revenue	**688**	733
Total Non-Aeronautical Operating Revenue	**15,339**	15,436
Revenue from R. L. Jones, Jr. Airport	**1,047**	1,045
Revenue from Okmulgee Airport	**77**	-
Total operating revenues	**32,305**	30,823
Operating expenses		
Personnel compensation and benefits	**11,039**	8,848
Service contracts	**7,330**	7,201
Materials, equipment & supplies	**1,082**	1,193
Utilities and communications	**1,658**	1,729
Insurance, claims	**325**	270
Other	**752**	907
Total Operating Expenses, Excluding Depreciation	**22,186**	20,148
Net Operating Income Before Depreciation	**10,119**	10,675
Depreciation	**14,071**	18,192
Net Operating (Loss)	**(3,952)**	(7,517)
Nonoperating revenues (expenses)		
Investment income and change in fair value of investments	**506**	405
Interest expense	**(9,692)**	(9,950)
Amortization of bond discount/premium and deferred charges on refunding	**(244)**	(533)
Bond issuance costs	**-**	(1,477)
Passenger facility charges	**5,303**	5,386
Customer facility charges	**3,318**	3,341
Noncapital federal grants	**1**	-
Other, net	**(152)**	(820)
Net nonoperating revenues (expenses)	**(960)**	(3,648)
Capital contributions and grants		
Federal grants	**4,081**	4,732
State grants	**-**	15
Other contributions	**15**	236
Total capital contributions and grants	**4,096**	4,983
(Decrease) in net position	**(816)**	(6,182)
Net position, beginning of year	**272,669**	278,851
Net position, end of year	**$ 271,853**	$ 272,669

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, 2016 and 2015

(in thousands of dollars)	**2016**	2015
Cash flows from operating activities		
Cash received from customers, including cash deposits	$ 32,746	$ 30,388
Cash payments to suppliers for goods and services	(11,884)	(9,767)
Cash payments to employees for services	(10,677)	(9,619)
Net cash provided by operating activities	10,185	11,002
Cash flows from non-capital and related financing activities		
Payments for litigation settlement	-	(860)
Proceeds from non-capital grants, donations and reimbursements	23	5
Net cash provided by (used in) non-capital and related financing activities	23	(855)
Cash flows from capital and related financing activities		
Construction and purchase of capital assets	(28,806)	(22,010)
Interest paid on revenue bonds	(9,722)	(10,699)
Passenger facility charges received	5,309	5,376
Customer facility charges received	3,339	3,335
Premium received, on debt issuance	-	7,178
Refunding payments	-	(58,863)
Proceeds from sale of revenue bonds	-	78,493
Principal paid on revenue bonds	(9,425)	(14,525)
Bond issue costs	-	(1,477)
Proceeds from sale of capital assets	78	98
Proceeds from state capital grants	-	15
Proceeds from federal capital grants	3,978	6,366
Other contributions	15	236
Net cash (used in) capital and related financing activities	(35,234)	(6,477)
Cash flows from investing activities		
Purchase of investments	(20,100)	(2,483)
Proceeds from sale of investments	20,330	2,355
Interest received on investments	279	197
Net cash provided by investing activities	509	69
Net increase (decrease) in cash and cash equivalents	(24,517)	3,739
Cash and cash equivalents		
Beginning of year	55,457	51,718
End of year	$ 30,940	$ 55,457

(continued)

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

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statements of Cash Flows, continued
Years Ended June 30, 2016 and 2015

(in thousands of dollars)	**2016**	2015
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Current unrestricted cash and cash equivalents	$ 14,783	$ 16,988
Current restricted cash and cash equivalents	2,016	2,891
Noncurrent restricted cash and cash equivalents	14,141	35,578
Total cash and cash equivalents	$ 30,940	$ 55,457
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	$ (3,952)	$ (7,517)
Adjustments to reconcile operating activities to net cash provided by operating activities:		
Depreciation	14,071	18,192
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable, trade	419	(537)
(Increase) decrease in inventory	(92)	39
(Increase) decrease in other current assets	(184)	337
Increase in unearned revenue	22	102
Increase (decrease) in accounts payable and accrued liabilities	(401)	1,279
Change in pension-related amounts	302	(893)
Net cash provided by operating activities	$ 10,185	$ 11,002
Noncash capital and investing activities:		
Capital asset acquisitions included in accounts payable	$ 875	$ 2,703
(Appreciation) depreciation of fair value of investments	$ 224	$ (205)

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

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

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

Effective January 1, 2014, the City of Tulsa and the Tulsa Airports Improvement Trust entered into an Amended and Restated Lease Agreement for the land encompassing Tulsa International Airport and R.L. Jones Jr. Airport. The lease agreement shall end on December 31, 2023, or on such later date on which all Bonds of the Trustees issued in connection with the Airports have been paid or provision for the payment thereof has been made. The Trust shall have the option to extend the terms for up to four periods of ten years each. The new lease and its associated Services Agreement has facilitated business changes that enable the Airports to function more efficiently as a real-time, fast paced, business-oriented, regional transportation center, and enhance the ability to structure and streamline administrative tasks to effectuate cost savings. The Airport continues to focus on streamlining its business functions.

The accompanying financial statements include the accounts and activity of TAIT and the Tulsa Airport Authority (TAA). All amounts in the notes to the financial statements, unless otherwise indicated, are expressed in thousands of dollars.

BASIS OF ACCOUNTING AND PRESENTATION- The financial statements of TAIT are prepared in accordance with generally accepted accounting principles ("GAAP") as applied to enterprise activities of governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

The financial statements of TAIT have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows/outflows from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Voluntary nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions. Investment income and voluntary nonexchange transactions are included in nonoperating revenues and expenses.

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

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

CASH AND CASH EQUIVALENTS – The Trust considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

INVESTMENTS - Investments consist of obligations of the U.S. Treasury and various federal agencies and instrumentalities, certificates of deposit and money market funds. These investments are held by bond trustees (with the exception of the certificates of deposit) and invested in accordance with the requirements and terms of various bond indentures. Investments in the U.S. Treasury and federal agencies are recorded at fair value. Investments in certificates of deposit and money market funds are recorded at amortized cost. The Trust experienced an increase in the fair value of investments of approximately $242 and $184 for the years ended June 30, 2016 and June 30, 2015, respectively.

FAIR VALUE MEASUREMENTS – During the fiscal year ending June 30, 2016, TAIT adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for determining a fair value of measurement for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same-that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between the market and participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The Trust categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

Level 1 input – Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.

Level 2 input – Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 input – Inputs that are unobservable for the asset or liability which are typically based upon the Authority’s own assumptions as there is little, if any, related activity.

Hierarchy – The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Inputs – If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

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

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.

RESTRICTED ASSETS – Certain cash, cash equivalents and investments of TAIT are restricted under the terms of its bond indentures. Other assets are restricted by TAIT's collection of passenger facility charges.

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. Interest capitalized was $271 and $95 during fiscal year 2016 and 2015, respectively.

BOND DISCOUNTS/PREMIUMS - Discounts/premiums on revenue bonds are being accreted/amortized over the life of the bonds to which they relate, using a method which approximates the effective interest method.

DEFERRED CHARGES ON REFUNDING - Deferred charges on refunding represents the difference in the reacquisition price and the net carrying amount of the old debt. These charges are presented as a deferred outflow of resources, amortized using a method which approximates the effective interest method, and recognized as a component of amortization expense over the life of the old or new debt, whichever is shorter.

COMPENSATED ABSENCES - Vacation leave is granted to all regular and part-time employees. The annual amount of vacation time accrued varies from 14 to 26 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 TAIT is obligated to make payment even if the employee terminates. Full-time employees accrue 1 day (8 hours) of sick leave for each full calendar month of service and may accrue a maximum of 150 working days (1,200 hours) of sick leave. Employees may convert accrued sick leave in excess of 120 days (960 hours) to vacation leave, provided the total accrued vacation leave does not exceed the maximum allowed under the Vacation Policy. Upon retirement (age 55 or older) or death, employees with at least 120 days (960 hours) of accrued sick leave will receive payment for accrued sick leave at a rate of 1 day of pay for every 2 days of sick leave up to a maximum of 75 days (600 hours) of pay, at the employee's rate of pay at the time of separation. The liability for compensated absences attributable to TAIT is charged to operating expenses during the period earned by the employee and a corresponding liability is established.

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

DEFERRED OUTFLOW/INFLOW OF RESOURCES - Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be reported as an outflow of resources (expense) until then. Deferred inflows of resources represent and acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The Trust records deferred outflows of resources and deferred inflows of resources related to their participation in the Municipal Employees' Retirement Plan (MERP).

UNEARNED REVENUE - Unearned revenue represents payments and/or revenue received but not recognized since it has not yet been earned. Unearned revenue primarily consists of rental payments received in advance.

PENSIONS - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of MERP and additions to/deductions from MERP's fiduciary net position have been determined on the same basis as they are reported by MERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

FEDERAL AND STATE GRANTS - Contributions resulting from federal and state 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. Any liability for reimbursement which may arise as the result of audits of grant funds is not believed to be material. Federal grants receivable represent the earned portions, based on the related expenditures, of various grants that have not been remitted by the grantor. The unexpended portions of such grants are properly not reflected in the financial statements and as of June 30, 2016 and 2015, totaled $605 and $8,308, respectively.

NET POSITION - Net Position of TAIT represents the difference between assets, liabilities and deferred inflows/outflows of resources. The net position of TAIT is comprised of these categories:

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

NET INVESTMENT IN CAPITAL ASSETS - reflects TAIT'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. Net investment in capital assets, excludes unspent bond proceeds of $25,496 and $48,621 as of June 30, 2016 and 2015, respectively. The Trust uses these capital assets to provide services to the public; consequently, these assets are not available for future spending.

RESTRICTED NET POSITION - represents resources that are subject to enabling legislation adopted by TAIT or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

UNRESTRICTED NET POSITION - represents remaining assets and deferred outflows of resources less remaining liabilities and deferred inflows of resources that do not meet the definition of net investment in capital assets or restricted.

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

OPERATING RESERVE - The Trust has an operating reserve, which was established in the Amended and Restated Bond Indenture ("Indenture"). The Indenture requires the reserve to be established and maintained at approximately one-fourth of the estimated and budgeted annual expenses of TAIT. The reserve can be used to pay operating expenses or to pay interest, principal and premium on bonds.

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 fees and 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 TAIT's outstanding revenue bonds for which the Trust's revenues are pledged as collateral.

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

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

PASSENGER FACILITY CHARGE - In 1990, the United States Congress enacted the Aviation Safety and Capacity Expansion Act ("ASCEA") of 1990, which allows public agencies controlling commercial service airports to charge eligible enplaning passengers at the airport a $1, $2, or $3 passenger facility charge, or PFC. In 2000, the U.S. Congress passed the Aviation Investment and Reform Act for the 21st Century ("AIR-21"), which allowed airports to levy a PFC of $4.00 or $4.50 per eligible enplaned passenger.

The proceeds from PFCs are to be used to finance eligible airport-related projects that preserve or enhance safety, capacity or security of the national air transportation system, reduce noise from an airport that is part of such system, or furnish opportunities for enhanced competition between or among air carriers.

Effective August 1, 1992, TAIT began the assessment of a $3.00 PFC, which increased to $4.50 in November 2010. The charge is collected by all carriers and remitted to TAIT, less a minor handling fee. The proceeds from the PFC are restricted for use by TAIT for certain FAA-approved capital improvement projects and debt payments. PFC revenues are reflected as nonoperating revenues when collected by the Airlines. As of June 30, 2016, TAIT has submitted a total of nine applications. Under the approved open applications TAIT is authorized to collect $171,334 of PFC revenue until April 1, 2033.

CUSTOMER FACILITY CHARGE - Effective July 1, 2004, TAIT began the assessment of a Customer Facility Charge ("CFC"). Effective August 1, 2010, this rate was set at $4.00. The charge is collected by all rental car concessionaires and remitted to TAIT. The proceeds from the CFC are designated for use by TAIT for certain rental car capital improvement projects, industry operating costs, and debt service requirements. CFC revenues are reflected in nonoperating revenues and are recognized as earned.

CAPITAL CONTRIBUTIONS – Capital contributions include cash payments made by other governments for facility improvements, and are recognized as revenue as expenditures are incurred. Capital contributions also include donated assets, which are recorded at their acquisition value.

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 amounts reported in the financial statements and accompanying footnotes. Actual results could differ from those estimates.

2. **CASH AND INVESTMENTS**

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 accounts.

2. **CASH AND INVESTMENTS,** continued

The Trust's investments as of June 30, 2016 are as follows:

(in thousands of dollars)		June 30, 2016 Maturities in Years			
Type	**Fair Value**	**Less than 1**	**1-5**	**6-10**	**Fair Value Measurement**
Federal Home Loan Bank	$ 20,930	$ -	$ 20,098	$ 832	Level 2
Federal National Mortgage Association	4	-	-	4	Level 2
	$ 20,934	$ -	$ 20,098	$ 836	

Investments measured at amortized cost:	
Certificates of deposit	$ 200
Money market accounts	28,671
	$ 28,871

The Trust's investments as of June 30, 2015 are as follows:

(in thousands of dollars)		June 30, 2015 Maturities in Years			
Type	**Fair Value**	**Less than 1**	**1-5**	**6-10**	**Fair Value Measurement**
Federal Home Loan Bank	$ 20,685	$ -	$ -	$ 20,685	Level 2
Federal National Mortgage Association	5	-	-	5	Level 2
	$ 20,690	$ -	$ -	$ 20,690	

Investments measured at amortized cost:	
Certificates of deposit	$ 450
Money market accounts	55,394
	$ 55,844

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

Investments – Bond requirements limit the type of restricted investments that can be acquired and unrestricted investments are in U.S. Treasury and money market accounts.

CREDIT RISK – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfil its obligations.

Investments – At June 30, 2016 and 2015, TAIT's investments in U. S. agencies obligations not directly guaranteed by the U. S. government were rated AA+ and Aaa by Standard & Poor's and Moody's, respectively.

2. **CASH AND INVESTMENTS,** continued

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

Deposits and investments – The Trust's deposit policy for custodial credit risk requires compliance with provisions of state law and that demand deposits be collateralized at least 110 percent of the amount that is not federally insured. At June 30, 2016 and 2015 there were no deposits uninsured or with insufficient collateral pledged to meet the requirement. All of the underlying securities for TAIT's investments in U.S. agency obligations at June 30, 2016 and 2015 are registered in TAIT's name.

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

Investments – At June 30, 2016 and 2015, TAIT's investment in Federal Home Loan Bank ("FHLB") constituted 42 percent and 27 percent, respectively, of its total investments. Money market accounts and certificates of deposit are not subject to concentration of credit risk disclosure.

3. CAPITAL ASSETS

The changes in capital assets during 2016 and 2015 are summarized as follows:

2016: *(in thousands of dollars)*	**Beginning Balance**	**Additions**	**Reductions**	**Transfers**	**Ending Balance**
Capital assets not being depreciated					
Land	$ 71,876	$ 700	$ (3)	$ -	$ 72,573
Easements	70,838	-	-	-	70,838
Artwork	291	-	-	-	291
Construction-in-progress	69,515	28,490	-	(52,756)	45,249
Total capital assets not being depreciated	212,520	29,190	(3)	(52,756)	188,951
Capital assets being depreciated					
Land improvements	247,049	24,304	(120)	5	271,238
Buildings	208,671	27,922	(1,723)	-	234,870
Equipment	19,103	1,021	(1,200)	-	18,924
Total capital assets being depreciated	474,823	53,247	(3,043)	5	525,032
Accumulated depreciation					
Land improvements	176,610	6,356	(120)	4	182,850
Buildings	114,526	6,654	(1,715)	1	119,466
Equipment	11,607	1,061	(959)	-	11,709
Total accumulated depreciation	302,743	14,071	(2,794)	5	314,025
Total capital assets being depreciated, net	172,080	39,176	(249)	-	211,007
Capital assets, net	$ 384,600	$ 68,366	$ (252)	$ (52,756)	$ 399,958

2015: *(in thousands of dollars)*	**Beginning Balance**	**Additions**	**Reductions**	**Transfers**	**Ending Balance**
Capital assets not being depreciated					
Land	$ 69,861	$ -	$ (57)	$ 2,072	$ 71,876
Easements	70,872	-	-	(34)	70,838
Artwork	10	235	-	46	291
Construction-in-progress	60,020	17,933	(8,438)	-	69,515
Total capital assets not being depreciated	200,763	18,168	(8,495)	2,084	212,520
Capital assets being depreciated					
Land improvements	270,785	1,719	(43,159)	17,704	247,049
Buildings	215,548	6,699	(3,517)	(10,059)	208,671
Equipment	31,357	423	(2,948)	(9,729)	19,103
Total capital assets being depreciated	517,690	8,841	(49,624)	(2,084)	474,823
Accumulated depreciation					
Land improvements	189,858	7,702	(43,159)	22,209	176,610
Buildings	124,566	9,335	(3,517)	(15,858)	114,526
Equipment	19,751	1,155	(2,948)	(6,351)	11,607
Total accumulated depreciation	334,175	18,192	(49,624)	-	302,743
Total capital assets being depreciated, net	183,515	(9,351)	-	(2,084)	172,080
Capital assets, net	$ 384,278	$ 8,817	$ (8,495)	$ -	$ 384,600

4. REVENUE BONDS PAYABLE AND OTHER LONG-TERM LIABILITIES

The changes in revenue bonds payable and other long-term liabilities during 2016 are summarized as follows:

(in thousands of dollars)

Series and Maturity Dates	Issue (Authorized) Amount	Interest Rate	Beginning Balance	Increase	Decrease	Ending Balance	Portion Due Within One Year
Revenue bonds							
Series 2004B, 2017	$ 2,200	4.95%	$ 400	$ -	$ (200)	$ 200	$ 200
Series 2009D, 2031	56,615	2.726 - 7.759%	49,020	-	(840)	48,180	650
Series 2010A, 2021	5,770	4.57 - 5.00%	3,860	-	(580)	3,280	605
Series 2010B, 2021	8,215	6.00 - 6.50%	5,040	-	(725)	4,315	765
Series 2010C, 2025	13,520	4.00 - 5.25%	7,705	-	(1,515)	6,190	1,520
Series 2013A, 2043	33,665	5.00 - 5.625%	33,665	-	-	33,665	600
Series 2013B, 2024	3,275	1.389 - 5.087%	3,045	-	(235)	2,810	240
Series 2015A, 2045	44,045	2.00 - 5.00%	43,755	-	(1,650)	42,105	1,510
Series 2015B, 2018	6,670	2.00 - 4.00%	5,025	-	(1,665)	3,360	1,640
Series 2015C, 2045	895	2.00 - 4.25%	895	-	(20)	875	20
Series 2015D, 2028	24,395	2.00 - 5.00%	23,960	-	(1,995)	21,965	70
Total revenue bonds payable			176,370	-	(9,425)	166,945	7,820
Unamortized discount (premium)			(6,844)	-	392	(6,452)	-
Total revenue bonds payable, net			183,214	-	(9,817)	173,397	7,820
Other long-term liabilities							
Vested compensated absences			989	661	(604)	1,046	122
Net pension liability			7,288	5,552	-	12,840	-
Total other long-term liabilities			8,277	6,213	(604)	13,886	122
Total long-term liabilities			$ 191,491	$ 6,213	$ (10,421)	$ 187,283	$ 7,942

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

The changes in revenue bonds payable and other long-term liabilities during 2015 are summarized as follows:

2015:
(in thousands of dollars)

Series and Maturity Dates	Issue (Authorized) Amount	Interest Rate	Beginning Balance, as Restated	Increase	Decrease	Ending Balance	Portion Due Within One Year
Revenue bonds							
Series 2004A, 2018	$ 17,800	3.25 - 5.00%	$ 6,720	$ -	$ (6,720)	$ -	$ -
Series 2004B, 2017	2,200	4.95%	600	-	(200)	400	200
Series 2009A, 2024	42,705	3.00 - 5.375%	30,545	-	(30,545)	-	-
Series 2009B, 2031	25,865	3.00 - 5.75%	21,645	-	(21,645)	-	-
Series 2009C, 2023	4,020	3.00 - 6.00%	3,785	-	(3,785)	-	-
Series 2009D, 2031	56,615	2.726 - 7.759%	50,060	-	(1,040)	49,020	840
Series 2010A, 2021	5,770	4.57 - 5.00%	4,420	-	(560)	3,860	580
Series 2010B, 2021	8,215	6.00 - 6.50%	5,730	-	(690)	5,040	725
Series 2010C, 2025	13,520	4.00 - 5.25%	9,190	-	(1,485)	7,705	1,515
Series 2012A, 2016	14,625	1.92%	1,717	2,488	(4,205)	-	-
Series 2013A, 2043	33,665	5.00 - 5.625%	33,665	-	-	33,665	-
Series 2013B, 2024	3,275	1.389 - 5.087%	3,275	-	(230)	3,045	235
Series 2015A, 2045	44,045	2.00 - 5.00%	-	44,045	(290)	43,755	1,650
Series 2015B, 2018	6,670	2.00 - 4.00%	-	6,670	(1,645)	5,025	1,665
Series 2015C, 2045	895	2.00 - 4.25%	-	895	-	895	20
Series 2015D, 2028	24,395	2.00 - 5.00%	-	24,395	(435)	23,960	1,995
Total revenue bonds payable			171,352	78,493	(73,475)	176,370	9,425
Unamortized discount (premium)			421	(7,178)	(87)	(6,844)	-
Total revenue bonds payable, net			170,931	85,671	(73,388)	183,214	9,425
Other long-term liabilities							
Vested compensated absences			909	687	(607)	989	125
Net pension liability			6,069	1,219	-	7,288	-
Total other long-term liabilities			6,978	1,906	(607)	8,277	125
Total long-term liabilities			$ 177,909	$ 87,577	$ (73,995)	$ 191,491	$ 9,550

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

Pursuant to an original bond indenture dated December 1, 1984 and various supplemental bond indentures (the "Indentures"), TAIT 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 TAIT. 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.

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

REVENUES PLEDGED - The Trust has pledged future net revenues derived from the operation of the airports to repay all of its revenue bonds issued. Proceeds from the bonds provided financing for various capital projects and debt refundings. The bonds are payable solely from gross revenues and are payable through 2045. Annual principal and interest payments on the bonds required 42 percent of gross revenues. The total principal and interest remaining to be paid on the bonds is $279,668. Principal and interest paid for the year was $19,147. Net revenues available for debt services in FY 2016 were $26,004.

DEFEASED DEBT - Series 1997B and Series 2000A Revenue Bonds – The Trust has placed the proceeds of refunding bonds and cash received from a tenant of TAIT, in irrevocable escrow accounts held and managed by bank trustees, and invested in U.S. Treasury obligations, the principal and interest on which would provide amounts sufficient to pay the principal and interest on the defeased bonds in accordance with the schedule of remaining payments due. Accordingly, the escrow accounts and the defeased bonds are not included in TAIT's financial statements. The defeased 1997B Revenue bonds and 2000A Revenue bonds are considered extinguished and had outstanding balances of $2,450 and $3,525, respectively, at June 30, 2016.

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

FUTURE MATURITIES

Future maturities of revenue bonds are as follows:

(in thousands of dollars)

Fiscal Year	Principal	Interest	Total
2017	$ 7,820	$ 9,649	$ 17,469
2018	7,580	9,306	16,886
2019	7,905	8,969	16,874
2020	8,295	8,575	16,870
2021	8,620	8,156	16,776
2022-2026	44,730	33,776	78,506
2027-2031	44,865	19,214	64,079
2032-2035	11,670	8,712	20,382
2036-2040	15,125	5,238	20,363
2041-2046	10,335	1,128	11,463
	$ 166,945	$ 112,723	$ 279,668

5. **CONDUIT DEBT OBLIGATIONS**

To pay the costs of certain modifications, rehabilitations, and reconstruction to a special facility located adjacent to Tulsa International Airport, TAIT has issued a series of Special Facility Revenue Bonds. At June 30, 2016 and 2015, Special Facility Revenue Bonds outstanding aggregated $10,120. The obligations are payable solely from and collateralized by a pledge of rentals to be received from a lease agreement between the airport and Biz Jet International. The bonds do not constitute a debt or pledge of the faith and credit of TAIT, the City, or the State and, accordingly, they have not been reported in the accompanying financial statements.

6. PENSION AND RETIREMENT BENEFITS

Plan description: Employees of TAIT are provided with pensions through the Municipal Employee Retirement Plan (MERP)—a cost-sharing multiple-employer defined benefit pension plan administered by the City of Tulsa (City). MERP provides retirement, disability and death benefits which are established by City ordinance to plan members and beneficiaries. MERP's financial statements and required supplementary information are included in the City of Tulsa's Comprehensive Annual Financial Report (CAFR). The report may be obtained by writing to the City of Tulsa Controller, 175 E. 2nd Street, Tulsa, Oklahoma 74103.

Benefits provided: MERP provides retirement, disability, and death benefits. Retirement benefits are determined based on the employee's highest 30 months of pensionable wages during the last five-years of service and a multiplier based on the years of service. Employees are eligible for full retirement at age 65 and at least 5 years of service or when the years of service plus the employee's age equals or exceeds 80. Reduced benefits are available after age 55 and 5 years of service (Early retirement). Benefits for Early retirement are reduced 2.5 percent per year prior to age 65. Five years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as normal retirement with additional service credited during the period of disability. Death benefits for vested participants are, at the spouse's election, a refund of contribution plus interest or a life annuity of 50 percent of the member's accrued benefit determined based on final average earnings and service as of the date of death.

Contributions: Contributions are set per City of Tulsa ordinance. Employees were required to contribute 6.5 percent of their pensionable wages for the years ended June 30, 2016 and 2015. The Trust was required to contribute 11.5 percent of pensionable wages for the years ended June 30, 2016 and 2015. The Trust is also responsible for Actuarially Determined Employer Contributions (ADEC) that exceed the 11.5 percent of payroll. Actual contributions to the pension plan from TAIT were $785 and $748 for the years ended June 30, 2016 and 2015, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, TAIT reported a liability of $12,840 for its proportionate share of the net pension liability. The liability for June 30, 2015 was $7,288. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. Standard update procedures were used to roll forward the total pension liability to June 30, 2016. The Trust's proportion of the net pension liability was based on TAIT's share of contributions to the pension plan relative to the contributions of all participating governments. At June 30, 2016 and 2015, TAIT's proportion was 5.9357 percent and 5.8186 percent, respectively.

Notes to Basic Financial Statements (in thousands of dollars), continued

6. **PENSION AND RETIREMENT BENEFITS,** continued

For the year ended June 30, 2016, TAIT recognized pension expense of $1,134 and for the year ended June 30, 2015 a pension gain of $145. At June 30, 2016 and 2015, TAIT reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2016:		
Differences between expected and actual plan experience	$ 137	$ (332)
Changes of assumptions	2,810	(1,717)
Net difference between projected and actual earnings on pension plan investments	1,304	-
Changes in proportion and differences between Trust contributions and proportionate share of contributions	597	-
Total	$ 4,848	$ (2,049)

	Deferred Outflows of Resources	Deferred Inflows of Resources
2015:		
Differences between expected and actual plan experience	$ -	$ (450)
Changes of assumptions	-	(2,500)
Net difference between projected and actual earnings on pension plan investments	-	(97)
Changes in proportion and differences between Trust contributions and proportionate share of contributions	596	-
Total	$ 596	$ (3,047)

Note: Changes of assumptions – In 2016, amounts reported as changes in assumptions resulted primarily from the changes in mortality table and discount rate from 7.75 percent to 7.5 percent.

Notes to Basic Financial Statements (in thousands of dollars), continued

6. **PENSION AND RETIREMENT BENEFITS,** continued

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

Year ended June 30:		
2017	$	311
2018		311
2019		1,500
2020		677
	$	2,799

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of January 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	4.00 to 11.75 percent, including inflation
Investment rate of return	7.50 percent compounded annually, net of investment expense and including inflation

Mortality rates were based on the RP-2014 Combined Healthy Mortality Tables with Blue Collar adjustments. Generational mortality improvements with Scale MP-2015 are from the table's base year of 2014.

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2015.

Notes to Basic Financial Statements (in thousands of dollars), continued

6. **PENSION AND RETIREMENT BENEFITS,** continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	24%	1.16%
Domestic equity	36	6.19
International equity	24	6.59
Real estate	8	4.24
Commodities	3	0.50
Timber	4	4.25
Cash	1	0.11
	100	

Discount rate: The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the participating employers will be made as specified in MERP's funding policy. Beginning July 1, 2017, and all future years, it is assumed that the employer contribution rate will increase to 14.85 percent of payroll, which is the actuarially determined contribution rate. Based on those assumptions, MERP's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

Notes to Basic Financial Statements (in thousands of dollars), continued

6. **PENSION AND RETIREMENT BENEFITS,** continued

Sensitivity of TAIT's proportionate share of the net pension liability to changes in the discount rate: The following presents TAIT's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what TAIT's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
2016:			
Trust's proportionate share of the net pension liability	$ 17,256	$ 12,840	$ 9,139

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the City of Tulsa's CAFR; which can be located at www.cityoftulsa.org.

7. RENTAL INCOME FROM OPERATING LEASES

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

Minimum future rentals under non-cancellable operating leases as of June 30, 2016, are as follows:

(In thousands of dollars)

2017	$	8,305
2018		6,032
2019		3,985
2020		3,671
2021		3,360
2022 -2026		12,712
2027 -2031		7,750
2032 -2036		4,674
2037 -2041		1,279
2042 -2046		562
2047 -2051		316
2052 -2056		316
2057 -2061		316
2062		42
	$	53,320

Under the Use and Lease Agreements between the airlines and TAIT, 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 percent 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. The current Agreement expires June 30, 2018.

8. **RISK MANAGEMENT**

During the fiscal year ending June 30, 2016, TAIT purchased liability insurance coverage for board members and directors, while maintaining commercial insurance coverage for property and equipment, bodily injury, automotive (personal liability and property damage off-airport) and workers compensation. The Trust converted its workers compensation policy from a partially self-funded policy to a guaranteed cost policy, locking in the expense of the policy to the premium, and reducing the deductible significantly. The Trust's current health and welfare insurance policies cover an 18-month period with rates guaranteed through December, 2016. The 18-month renewal was negotiated to get TAIT's health and welfare benefit plans on a calendar year renewal cycle. There were no significant reductions in TAIT's insurance coverage during the year and there were no settlement amounts in excess of the insurance coverage in the current year or in the three prior years.

9. **COMMITMENTS AND CONTINGENCIES**

As of June 30, 2016, TAIT had open commitments for construction projects of approximately $16,846.

There are other various suits and claims pending against TAIT which have arisen in the course of operating TAIT. 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 TAIT.

10. **RELATED PARTY TRANSACTIONS**

During the years ended June 30, 2016 and 2015, TAIT conducted the following transactions with related parties.

(In thousands of dollars)	2016	2015
Payments to City of Tulsa - General Fund for support services	$ 51	$ 51
Payments to City of Tulsa - General Fund for fire services	$ 1,920	$ 1,990

11. FUTURE CHANGES IN ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*, will be effective June 30, 2017. This statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures.

Prior to the issuance of this Statement, Statement 67, Statement 68, or Statement 73 required presentation of covered employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based and ratios that use that measure.

12. MAJOR CUSTOMERS

The Trust has two customers that provide in excess of 10 percent of the operating revenues. Revenues from these two customers were $3,382 and $3,432, respectively. Amounts due from these customers as of June 30, 2016 were $249 and $151, respectively.

13. SUBSEQUENT EVENT

On July 20, 2016, the trustees of the Tulsa Airports Improvement Trust issued a single General Airport Revenue Bond, Series 2016A (Arvest Loan Agreement), in the aggregate principal amount of $1,500. The proceeds of the 2016A Bond will be used to finance capital improvements, primarily roof repairs and electrical upgrades, for TAIT's facilities currently leased to Spartan College of Aeronautics and Technology ("Spartan"). Spartan is a for-profit aviation institute that offers training in aviation, aviation electronics, flight, quality control and aircraft maintenance. The Bond will be repaid by increasing Spartan's monthly lease payments during the Bond's ten year term.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Required Supplementary Information (in thousands of dollars)
Municipal Employees’ Retirement Plan
June 30, 2016

Schedule of Proportionate Share of the Net Pension Liability

Year	Trust's Proportion of Net Pension Liability	Trust's Proportionate Share of Net Pension Liability	Trust's Covered-Employee Payroll	Trust's Proportionate Share of Net Pension Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2016	5.9357%	$ 12,840	$ 6,848	187.50%	65.62%
2015	5.8186%	7,288	6,316	115.39%	77.13%

* Prior year information is not available.

Schedule of Employer Contributions - Last Ten Years

Year	Contractually Required Contributions	Actual Contributions	Contribution Deficiency (Excess)	Authority's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2016	$ 785	$ 785	$ -	$ 6,848	11.5%
2015	748	748	-	6,316	11.8
2014	665	659	-	N/A	N/A
2013	672	840	-	N/A	N/A
2012	720	700	-	N/A	N/A
2011	572	358	-	N/A	N/A
2010	517	370	-	N/A	N/A
2009	380	380	-	N/A	N/A
2008	366	366	-	N/A	N/A
2007	N/A	341	-	N/A	N/A

Changes of assumptions. In 2016, amounts reported as changes of assumptions resulted primarily from changes in the mortality table and discount rate from 7.75 percent to 7.5 percent.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Supplementary Information
Detailed Schedules of Operating Revenue
Years Ended June 30, 2016 and 2015

(in thousands of dollars)	**2016**	2015
Aeronautical operating revenues		
Landing fees - signatory and non-signatory		
Passenger airline landing fees	$ 5,776	$ 4,208
Cargo airline landing fees	1,146	844
Military joint use fees	44	44
Total landing fees	6,966	5,096
Passenger airline terminal revenue - signatory and non-signatory		
Airline terminal rentals	3,763	3,541
Baggage system rentals	2,273	2,111
Other terminal area airline fees	(652)	134
Total terminal area passenger airline fees	5,384	5,786
Total landing fees and terminal area passenger airline revenues	12,350	10,882
Other Aeronautical Revenue		
FBO revenue	870	857
Hangar, cargo space and ground rents	1,664	1,672
Fuel flowage fees	674	759
Security reimbursements	114	118
Other aeronautical revenue	170	54
Total other aeronautical revenue	3,492	3,460
Total Aeronautical Revenue	15,842	14,342
Non-Areonautical Operating Revenue		
Terminal Revenues		
Food and beverage	660	680
Retail	608	533
Other terminal concessions and revenue (excludes rental car counter space)	813	648
Total non-aeronautical Terminal Revenue	2,081	1,861
Other Non-Areonautical Operating Revenue		
Rental car revenues	4,688	4,732
Parking revenues	7,882	8,110
Hotel revenues	254	257
Ground rents and facilities leases (excludes aeronautical & car rental)	343	356
Other non-aeronautical revenue	91	120
Total Other Non-Aeronautical Operating Revenues	13,258	13,575
Total Non-Aeronautical Operating Revenue	15,339	15,436
Revenue from R. L. Jones, Jr. Airport	1,047	1,045
Revenue from Okmulgee Airport	77	-
Total operating revenues	32,305	30,823

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Schedule of Insurance in Force (Unaudited)
Year Ended June 30, 2016

Policy Coverage	Issuer	Limit of Liability	Self Insurai	Expiration Date	Premium
Primary coverage on bodily injury, single limit bodily injury and property damage liability.	Phoenix Aviation Managers, Inc	Up to $75,000,000 for any one accident, or occurrence with $25,000 deductible each loss, and $100,000 annual aggregate deductible.	None	11/20/2016	$ 69,200
Property damage (including boilers and machinery and scheduled automotive equipment) fire and extended coverage.	Public Entity Property Insurance Program	Real and personal property damage not to exceed $358,238,900 with $100,000 deductible.	None	7/1/2017	$ 162,611
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.	None	7/19/2017	$ 29,778
Workers compensation insurance	Compsourse	Bodily injury by accident, $1,000,000 each accident; Disease $1,000,000 each employee	None	10/01/2016	$ 175,786
Directors and Officers Liability	Navigators Specialty Insurance Co.	$1,000,000 all loss, $100,000 non-monetary, $500,000 add excess	None	6/22/2017	$ 24,961

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statistical Information (Unaudited)
Year Ended June 30, 2016

Schedule of Net Revenues Available for Debt Service and Debt Coverage:

Gross revenues as defined by the Bond Indenture as supplemented	
Operating revenue	$ 32,305,820
Nonoperating revenues (1)	204,412
Airport Improvement Fund balance (2)	4,613,973
Airport Improvement Fund transfers (2)	198,719
Nonoperating funds available for debt service (4)	423,680
PFC funds available for debt service (3)	7,203,669
CFC revenues	3,317,840
Other nonoperating	98,360
Total gross revenues	48,366,473
Gross expenses as defined by the Bond Indenture as supplemented	
Combined operating expenses, excluding non-cash pension expense	21,884,000
Capitalized expenditures classified as operating expenses in accordance with the Bond Indenture as supplemental	478,284
Total operating expenses	22,362,284
Net revenues available for debt service	$ 26,004,189
Debt service (5)	$ 18,484,757
Debt coverage	1.41

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

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

(3) PFC are Dedicated Revenues, which the Trustee have dedicated to pay an amount equal to 1.25 times principal and or interest on the Bonds. Therefore the PFC backed related debt service amount is multiplied by 1.25 for the amount to be included in the coverage calculation.

(4) Nonoperating sources of funds specifically identified for debt service.

(5) The Bond Indenture defines debt service as the aggregate amount required to be deposited during the year in the Bond fund to provide for the payment of interest (to the extent not capitalized) and principal on the Bonds.

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statistical Information (Unaudited)
Year Ended June 30, 2016

Schedule of Funds on Deposit and Invested:

DESCRIPTION	DUE DATE	INTEREST RATE	YIELD AT MARKET	PAR VALUE	INVESTMENT COST	MARKET VALUE
Revenue Funds						
Cash	On Demand	0.00%	0.00%	92,994	$ 92,994	$ 92,994
BOK Short-Term Cash Fund I	On Demand	0.20%	0.20%	662,405	662,405	662,405
Revenue Receipts Demand Deposit Account	On Demand	0.00%	0.00%	57,635	57,635	57,635
Parking Receipts Demand Deposit Account	On Demand	0.00%	0.00%	1,020	1,020	1,020
Total Revenue Funds					814,054	814,054
Coverage Account						
BOK Short-Term Cash Fund I	On Demand	0.20%	0.20%	3,142,832	3,142,832	3,142,832
Total Coverage Account					3,142,832	3,142,832
Commerce Bank						
Commerce Bank - Time Deposit 6220649706	11/25/2016	0.04%	0.04%	50,000	50,000	50,000
Commerce Bank - Time Deposit 6220649739	11/30/2016	0.04%	0.04%	150,000	150,000	150,000
Total Commerce Bank					200,000	200,000
Customer Facility Charge Account						
BOK Short-Term Cash Fund I	On Demand	0.20%	0.20%	7,090,118	7,090,118	7,090,118
FHLB STP (3130A82C6)	6/8/2021	0.01%	0.01%	2,355,000	2,355,000	2,355,141
Total Customer Facility Charge Accounts					9,445,118	9,445,259
Passenger Facility Charge Revenue Fund						
BOK Short-Term Cash Fund I	On Demand	0.20%	0.20%	26,260	26,260	26,260
PFC Demand Deposit Account	On Demand	0.00%	0.00%	93,433	93,433	93,433
Total Passenger Facility Charge Revenue Fund					119,693	119,693
Operating Reserve Fund						
BOK Short-Term Cash Fund I	On Demand	0.20%	0.20%	514,356	514,356	514,356
FHLB (3130A82C6)	6/8/2021	0.01%	0.01%	2,400,000	2,400,000	2,400,144
FHLB (313380VS3)	10/25/2022	0.01%	0.01%	830,000	830,000	829,842
FHLMC (3134G9VX2)	6/30/2021	0.01%	0.01%	2,000,000	2,000,000	1,996,700
FNMA POOL #20086 (31360YJ70)	7/1/2024	0.05%	0.05%	1,631	1,631	1,700
FNMA POOL #4593 (31360FC60)	5/1/2024	0.05%	0.05%	1,987	1,987	1,931
Total Operating Reserve Fund					5,747,974	5,744,673
Airport Improvement Fund						
BOK Short-Term Cash Fund I	On Demand	0.01%	0.01%	1,711,817	1,711,817	1,711,817
Total Airport Improvement Fund					$ 1,711,817	$ 1,711,817

(Continued)

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statistical Information (Unaudited)
Year Ended June 30, 2016

DESCRIPTION	DUE DATE	INTEREST RATE	YIELD AT MARKET	PAR VALUE	INVESTMENT COST	MARKET VALUE
Bond Principal and Interest Accounts						
BOK Short-Term Cash Fund -2004B Bonds	On Demand	0.20%	0.20%	$ 17,492	$ 17,492	$ 17,492
BOK Short-Term Cash Fund -2009D Bonds	On Demand	0.20%	0.20%	360,146	360,146	360,146
BOK Short-Term Cash Fund -2010A Bonds	On Demand	0.20%	0.20%	62,902	62,902	62,902
BOK Short-Term Cash Fund -2010B Bonds	On Demand	0.20%	0.20%	86,015	86,015	86,015
BOK Short-Term Cash Fund -2010C Bonds	On Demand	0.20%	0.20%	149,976	149,976	149,976
BOK Short-Term Cash Fund -2013A Bonds	On Demand	0.20%	0.02%	201,584	201,584	201,584
BOK Short-Term Cash Fund -2013B Bonds	On Demand	0.20%	0.20%	30,213	30,213	30,213
BOK Short-Term Cash Fund -2015A Bonds	On Demand	0.20%	0.20%	299,475	299,475	299,475
BOK Short-Term Cash Fund -2015B Bonds	On Demand	0.20%	0.20%	151,896	151,896	151,896
BOK Short-Term Cash Fund -2015C Bonds	On Demand	0.20%	0.20%	5,484	5,484	5,484
BOK Short-Term Cash Fund -2015D Bonds	On Demand	0.20%	0.20%	99,691	99,691	99,691
Total Bond Principal and Interest Accounts					1,464,874	1,464,874
Construction Funds						
BOK Short-Term Cash Fund 2013A Bonds	On Demand	0.20%	0.20%	1,536,369	1,536,369	1,536,369
BOK Short-Term Cash Fund 2015A Bonds	On Demand	0.20%	0.20%	9,746,735	9,746,735	9,746,735
BOK Short-Term Cash Fund 2015C Bonds	On Demand	0.20%	0.20%	867,184	867,184	867,184
Total Construction Interest					12,150,288	12,150,288
Bond Reserve Funds						
FHLB (3130A82C6) (Tax-Exempt)	6/8/2021	0.01%	0.01%	4,000,000	4,000,000	4,000,240
FHLB (3130A82C6) (Taxable)	6/8/2021	0.01%	0.01%	9,345,000	9,345,000	9,345,561
Total Bond Reserve Funds					13,345,000	13,345,801
Capital Projects Clearing Fund						
Grant Receipts Demand Deposit Account	On Demand	0.00%	0.00%	1,000	1,000	1,000
BOK Short-Term Cash Fund I	On Demand	0.20%	0.20%	1,392,008	1,392,008	1,392,008
Total Capital Projects Clearing Fund					1,393,008	1,393,008
Other Funds						
BOK Short-Term Cash Fund I (Special Programs)	On Demand	0.20%	0.20%	358,812	358,812	358,812
BOK Short-Term Cash Fund I (State Grant Escrow Fund)	On Demand	0.20%	0.20%	159,182	159,182	159,182
BOK Short-Term Cash Fund I (Dept of Justice)	On Demand	0.20%	0.20%	19	19	19
General Operating Deposit Account	On Demand	0.00%	0.00%	2,014,435	2,014,435	2,014,435
Payroll Demand Deposit Account	On Demand	0.00%	0.00%	3,002	3,002	3,002
Arvest Bank (Purchasing Card) Demand Deposit Account	On Demand	0.00%	0.00%	4,243	4,243	4,243
Petty Cash	On Demand	0.00%	0.00%	2,500	2,500	2,500
Total Other Funds					2,542,193	2,542,193
Total Funds on Deposit and Invested					$ 52,076,851	$ 52,074,492

Five Year Construction In Progress – The Airport's total estimated cost for the years ending 2017 through 2021 (in thousands):

	Total	Federal	Local
Airfield	$ 98,432	$ 88,607	$ 9,825
Terminal	14,000	-	14,000
Landside	4,700	-	4,700
RVS	6,356	5,865	491
Total Estimated Cost	$ 123,488	$ 94,472	$ 29,016

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

	2012	2013	2014	2015	2016
January	92,817	89,453	91,831	92,882	95,061
February	92,250	87,788	89,129	87,205	92,295
March	109,688	104,728	113,445	109,223	107,894
April	105,413	107,204	110,202	111,916	105,538
May	125,879	128,047	128,276	131,583	125,223
June	126,708	126,798	130,251	129,831	130,343
July	123,024	120,444	135,046	134,521	124,759
August	111,939	110,196	113,087	111,419	111,063
September	105,550	107,658	112,832	111,424	112,387
October	116,870	121,302	126,823	123,830	119,812
November	109,080	110,513	108,158	114,588	N/A (1)
December	106,173	111,964	115,246	116,164	N/A (1)
Annual	1,325,391	1,326,095	1,374,326	1,374,586	1,124,375

(1) Not available

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statistical Information (Unaudited)
Year Ended June 30, 2016

Average Daily Scheduled Flights:

	2012		2013		2014		2015		2016	
Airline	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
Allegiant Air	-	0.00%	-	0.00%	-	0.00%	3	2.65%	4	4.00%
American	26	19.55%	26	20.00%	26	20.63%	32	28.32%	26	26.00%
Delta	28	21.05%	24	18.46%	22	17.46%	17	15.04%	16	16.00%
Southwest	34	25.56%	36	28.57%	34	26.98%	25	22.12%	25	25.00%
United	45	33.83%	44	34.92%	44	34.92%	36	31.86%	29	29.00%
	133	100.00%	130	100.00%	126	100.00%	113	100.00%	100	100.00%

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statistical Information (Unaudited)
Year Ended June 30, 2016

Airline Enplaned Passengers:

	2012		2013		2014		2015		2016	
Airline	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
Allegiant Air	-	N/A	-	N/A	-	N/A	24,461	1.78%	42,882	3.13%
American	298,551	22.02%	298,318	22.66%	302,713	22.50%	293,645	21.37%	293,879	21.48%
American Connection / Transtates	-	N/A	-	N/A	57,765	4.29%	-	N/A	-	N/A
American Connection / Chautauqua	-	N/A	-	N/A	-	N/A	-	N/A	-	N/A
American Eagle	59,029	4.35%	56,584	4.30%	-	N/A	66,678	4.85%	39,387	2.88%
American/ Express Jet	-	N/A	-	N/A		N/A		N/A	22,280	1.63%
American /Mesa /Envoy	-	N/A	-	N/A		N/A		N/A	15,739	1.15%
American / US Airways	-	N/A	-	N/A		N/A		N/A	42,385	3.10%
Charters	-	N/A	-	N/A	-	N/A	-	N/A	-	N/A
Continental	23,491	1.73%	15,950	1.21%	-	N/A	-	N/A	-	N/A
Continental Express	91,567	6.75%	86,459	6.57%	-	N/A	-	N/A	-	N/A
Continental Express/Chautauqua	-	N/A	-	N/A	-	N/A	-	N/A	-	N/A
Continental Express/Colgan	31,698	2.34%	62	0.00%	-	0.00%	-	N/A	-	N/A
Delta	18,049	1.33%	39,833	3.03%	54,002	4.01%	76,875	5.60%	107,113	7.83%
Delta Connection / ASA	85,876	6.33%	79,085	6.01%	85,536	6.36%	65,026	4.73%	40,665	2.97%
Delta Connection / Comair	2,010	0.15%	449	0.03%	-	N/A	-	N/A	-	N/A
Delta Connection/Compass	6,700	0.49%	5,289	0.40%	31	0.00%	-	N/A	1,096	0.08%
Delta Connection/Mesaba	837	0.06%	-	N/A	-	N/A	-	N/A	-	N/A
Delta/Pinacle/Endeaver	-	N/A	-	N/A	-	N/A	-	N/A	3,879	0.28%
Delta Connection / SkyWest	25,348	1.87%	32,019	2.43%	26,435	1.97%	30,247	2.20%	37,421	2.73%
Delta Connection / ACA/ ExpressJet	-	N/A	-	N/A	-	N/A	-	N/A	-	N/A
ExpressJets	-	N/A	-	N/A	-	N/A	-	N/A	-	N/A
Frontier	-	N/A	-	N/A	138	0.01%	-	N/A	-	N/A
Mesa dba Envoy	-	N/A	-	N/A	-	N/A	9,475	0.69%	-	N/A
Northwest Airlink / Pinnacle	60,197	4.44%	36,710	2.79%	18,494	1.37%	16,043	1.17%	-	N/A
Republic Airways	-	N/A	-	N/A	-	N/A	651	0.05%	66	0.00%
Southwest	488,844	36.06%	482,179	36.62%	509,152	37.85%	482,598	35.13%	461,705	33.74%
Sun Country/MN Airlines	-	N/A	-	N/A	-	N/A	1,479	0.11%	2,377	0.17%
United	29,870	2.20%	16,600	1.26%	16,923	1.26%	1,852	0.13%	44,506	3.25%
United / Other	21,783	1.61%	6,397	0.49%	22,968	1.71%	-	N/A	-	N/A
United Express / Express Jet	74,345	5.48%	97,141	7.38%	187,785	13.96%	141,588	10.31%	96,252	7.03%
United Express / GoJet	-	N/A	-	N/A	-	N/A	34,903	2.54%	20,765	1.52%
United Express / Mesa	-	N/A	-	N/A	-	N/A	11,881	0.86%	38,057	2.78%
United Express / SkyWest	33,930	2.50%	60,668	4.61%	44,539	3.31%	47,799	3.48%	41,347	3.02%
United Express / Trans State	417	0.03%	-	N/A	5,482	0.41%	29,799	2.17%	15,729	1.15%
U.S. Airways	-	N/A	-	N/A	-	N/A	37,900	2.76%	-	N/A
Other	3,243	0.24%	2,911	0.22%	13,248	0.98%	932	0.07%	770	0.06%
	1,355,785	100.00%	1,316,654	100.00%	1,345,211	100.00%	1,373,832	100.00%	1,368,300	100.00%

Tulsa Airports Improvement Trust
(A Component Unit of the City of Tulsa, Oklahoma)
Statistical Information (Unaudited)
Year Ended June 30, 2016

Airline – Air Cargo Landed Weight (in pounds):

	2012		2013		2014		2015		2016	
Airline / Air Cargo Carrier	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
Allegiant Air, LLC	-	N/A	-	N/A	-	N/A	22,489,974	1.10%	42,722,015	2.18%
American	421,316,500	19.42%	416,185,500	19.76%	411,061,400	19.75%	409,217,700	20.00%	352,657,500	17.97%
American Eagle	65,766,654	3.03%	64,931,370	3.08%	64,507,090	3.10%	77,955,746	3.81%	44,185,231	2.25%
American / Express Jet	-	N/A	-	N/A	-	N/A	-	N/A	23,687,292	1.21%
Compass	-	N/A	-	N/A	-	N/A	-	N/A	20,633,000	1.05%
Continental	40,095,600	1.85%	27,049,100	1.28%	-	N/A	-	N/A	48,805,000	N/A
Continental Express/ Chautauqua	-	N/A	-	N/A	-	N/A	-	N/A	-	N/A
Continental Express / Colgan	44,144,000	2.03%	124,000	0.01%	-	N/A	-	N/A	-	N/A
Continental Express/ ExpressJet	70,597,560	3.25%	41,841,510	1.99%	-	N/A	-	N/A	-	N/A
Delta	28,276,300	1.30%	59,476,900	2.82%	73,986,000	3.55%	102,449,000	5.01%	134,310,600	6.84%
Delta Connection / ASA	66,243,600	3.05%	107,091,200	5.08%	-	N/A	-	N/A	-	N/A
Delta Connection / Chautauqua	48,501	0.00%	-	N/A	-	N/A	-	N/A	-	N/A
Delta Connection / Comair	3,105,100	0.14%	705,000	0.03%	-	N/A	-	N/A	-	N/A
Delta Connection / Compass	11,072,980	0.51%	8,804,188	0.42%	75,177	0.00%	-	N/A	-	N/A
Delta Connection / Express Jet	52,021,100	2.40%	-	N/A	113,907,700	5.47	84,555,500	4.13%	51,082,900	2.60%
Delta Connection / Mesaba	1,156,100	0.05%	-	N/A	-	N/A	-	N/A	1,275,143	N/A
Delta Connection / Pinnacle	71,266,000	3.29%	46,438,800	2.20%	22,292,400	1.07%	20,602,100	1.01%	5,473,100	0.28%
Delta Connection / SkyWest	33,443,700	1.54%	42,321,500	2.01%	34,772,000	1.67%	37,035,800	1.81%	45,409,200	2.31%
ExpressJets	-	N/A	-	N/A	268,964	0.01	-	N/A	-	N/A
Frontier	-	N/A	-	N/A	-	N/A	-	N/A	-	N/A
Mesa dba Envoy	-	N/A	-	N/A	-	N/A	11,244,000	0.55%		0.00%
Southwest	692,202,000	31.91%	683,022,000	32.42%	714,524,000	34.33%	595,800,000	29.12%	556,814,000	28.37%
United	42,417,356	1.96%	28,435,800	1.35%	25,567,800	1.23%	2,194,500	0.11%	67,996,200	3.46%
United Express / Express Jet	111,775,234	5.15%	163,610,314	7.77%	206,221,236	9.91%	157,643,985	7.70%	100,204,680	5.11%
United Express / GoJet	32,093,000	1.48%	11,926,000	0.57%	31,557,000	1.52%	42,813,000	2.09%	23,919,000	1.22%
United Express / Mesa	134,000	0.01%	-	N/A	-	N/A	16,604,100	0.81%	51,456,300	2.62%
United Express / SkyWest	47,720,000	2.20%	81,521,000	3.87%	56,043,000	2.69%	58,277,700	2.85%	46,724,800	2.38%
United Express / Transtates	468,039	0.02%	-	N/A	6,041,958	0.29	32,697,322	1.60%	18,102,600	0.92%
U.S. Airways	-	N/A	-	N/A	-	N/A	48,599,950	2.38%		0.00%
U.S. Airways Charter	-	N/A	-	N/A	-	N/A	97,000	0.00%	-	N/A
Other Passenger	14,191,380	0.65%	8,068,946	0.38%	16,760,830	0.81%	7,043,245	0.34%	9,684,730	0.49%
Air Transport	-	N/A	-	N/A		N/A	-	N/A	-	N/A
Ameriflight	8,113,600	0.37%	8,384,946	0.40%	7,846,894	0.38%	7,787,700	0.38%	7,933,046	0.40%
FedEx	204,045,444	9.41%	191,285,860	9.08%	184,018,256	8.78%	203,559,400	9.95%	199,551,300	10.17%
FedEx-Empire	7,461,986	0.34%	11,075,309	0.53%	11,357,717	0.55%	10,731,504	0.52%	9,746,492	0.50%
FedEx-Mountain Air Cargo	-	N/A	-	N/A	-	N/A	202,616	0.01%	202,616	0.01%
Martinaire	4,420,000	0.20%	4,394,500	0.21%	4,386,000	0.21%	4,479,500	0.22%	4,454,000	0.23%
UPS	89,557,280	4.13%	87,186,360	4.14%	86,183,600	4.14%	89,450,560	4.37%	88,398,720	4.50%
Other Cargo	6,210,406	0.29%	12,710,804	0.60%	9,803,055	0.47%	2,635,760	0.13%	7,056,364	0.36%
	2,169,363,420	100.00%	2,106,590,907	100.00%	2,081,182,077	100.00%	2,046,167,662	100.00%	1,962,485,829	97.45%