TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)

FINANCIAL REPORT
June 30, 2011

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
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June 30, 2011

McGladrey

Independent Auditor's Report

Board of Trustees
Tulsa Public Facilities Authority
Tulsa, Oklahoma

We have audited the accompanying financial statements of the business-type activities and each major fund of the Tulsa Public Facilities Authority (the “Authority”), a blended component unit of the City of Tulsa, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the Authority’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of The Operations of the BOK Center as managed by SMG or The Operations of the Tulsa Convention Center, as managed by SMG, an agent operating these facilities as discussed in Note 11 to the financial statements, which are included within the financial statements of the Arena and Convention Center major enterprise fund and represents 4 percent and 59 percent, respectively, of the total assets and total revenues of the Arena and Convention Center major enterprise fund for the year ended June 30, 2011 and 3 percent and 34 percent, respectively, of the total assets and total revenues of the business-type activities for the year ended June 30, 2011. Those statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for The Operations of the BOK Center, as managed by SMG and The Operations of the Tulsa Convention Center, as managed by SMG, are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Authority as of June 30, 2011, and the respective changes in financial position and cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying management’s discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining schedules listed as supplementary information in the index are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The other information as listed as supplementary information in the index has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

McGladrey & Pullen, LLP

Kansas City, Missouri
November 30, 2011

As management of the Tulsa Public Facilities Authority (the "Authority"), a blended component unit of the City of Tulsa (the "City"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page eight. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent year by $217,615.

- The Authority's net assets decreased to $217,615 as of June 30, 2011 from $222,872 as of June 30, 2010. The Authority had a decrease in net assets of $5,257 and an increase in net assets of $943 for the years ended June 30, 2011 and 2010, respectively.

- The Authority's liabilities decreased by $12,094 as of June 30, 2011. Debt service on revenue bonds was the primary reason for this decrease.

Overview of the Financial Statements

The Authority, a legally separate public trust, is reported by the City as a blended component unit. As such, the activities of the Authority are reported in various enterprise funds and internal service funds within the City's Comprehensive Annual Financial Report. The primary functions of the Authority are to issue revenue bonds, the proceeds of which may be loaned to the City or one of its component units and use bond proceeds to acquire, construct and ultimately lease governmental facilities to the City or one of its component units. The Authority also leases commercial office space to private sector companies and manages the One Technology Center ("OTC"), the BOK Arena, and the Tulsa Convention Center facilities.

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The Authority uses fund accounting in its financial statements to demonstrate compliance with finance related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority has one fund type, proprietary, and reports four enterprise funds. Enterprise funds are used to report functions presented as business-type activities.

The basic financial statements of the Authority report information using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Assets includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets. This statement measures the financial success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The third required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and changes in cash resulting from operating, investing, noncapital financing and capital financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the period.

Net Assets

The Authority's net assets decreased to $217,615 at June 30, 2011, from $222,872 at June 30, 2010. The following table provides a summary of net assets:

SUMMARY OF NET ASSETS in thousands

	2011	2010	Dollar Change	Percent Change
Current assets	$ 15,296	$ 12,870	$ 2,426	18.9%
Capital assets, net	288,894	298,764	(9,870)	(3.3%)
Other assets	34,507	44,412	(9,905)	(22.3%)
Total assets	338,697	356,046	(17,349)	(4.9%)
Current liabilities	33,375	27,116	6,259	23.1%
Noncurrent liabilities	87,707	106,058	(18,351)	(17.3%)
Total liabilities	121,082	133,174	(12,092)	(9.1%)
Invested in capital assets, net of related debt	206,338	215,116	(8,778)	(4.1%)
Restricted	3,695	2,788	907	32.5%
Unrestricted	7,582	4,968	2,614	52.6%
Net assets	$ 217,615	$ 222,872	$ (5,257)	(2.4%)

The increase in current assets was primarily the result of a cash transfer from the City of the sale proceeds of a surplus building. The annual provision for depreciation was the primary reason for the decrease in capital assets.

Net Assets, continued

The increase in current liabilities was related to an increase of $7,052 in due to primary government, an increase of $900 in current portion of bonds payable, and a decrease of $1,549 in unearned revenue. Noncurrent liabilities decreased as a result of $15,740 principal payments on debt, primarily the Capital Improvements Revenue Bond Series 2006A, and a decrease of $980 in arbitrage liability.

SUMMARY OF CHANGES IN NET ASSETS (in thousands)

	2011	2010	Dollar Change	Percent Change
Operating revenues	$ 23,500	$ 22,713	$ 787	3.5%
Nonoperating revenues	5,549	7,028	(1,479)	(21.0%)
Total revenues	29,049	29,741	(692)	(2.3%)
Operating expenses	29,826	30,350	(524)	(1.7%)
Nonoperating expenses	4,995	6,189	(1,194)	(19.3%)
Total expenses	34,821	36,539	(1,718)	(4.7%)
Capital contributions, intergovernmental	515	7,741	(7,226)	(93.3%)
Change in net assets	(5,257)	943	(6,200)	(657.5%)
Net assets, beginning of year	222,872	221,929	943	0.4%
Net assets, end of year	$ 217,615	$ 222,872	$ (5,257)	(2.4%)

In 2011, the Authority's operating revenues increased $787 or 3.5%. Increases in lease revenue, $1,936, and facilities revenues, $309, were offset by decreases in golf fees, $310, investment income, $183, and loan investment income, $404. Operating expenses decreased $524 or 1.7% primarily related to decreases in payments to related parties, $709, and interest expense, $626.

Nonoperating revenues consist of intergovernmental revenue for Vision 2025 funds, payments from the City for operations of OTC, contributions from corporate citizens for BOK Arena improvements, and investment income. Nonoperating revenues declined $1,479 due to decreased funding for the BOK Arena construction. Nonoperating expenses consist of interest and related charges for OTC and the Tulsa Convention Center. Nonoperating expenses declined $1,194 due to completion of spending on BOK Arena and Tulsa Convention Center projects.

Capital Assets

The Authority's investment in capital assets as of June 30, 2011, amounts to $288,894 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, parking garage, leasehold improvements and artwork.

CAPITAL ASSETS (in thousands)

	2011	2010	Dollar Change	Percent Change
Land	$ 16,001	$ 16,001	$ -	0.0%
Artwork	132	132	-	0.0%
Leasehold improvements	55,351	55,351	-	0.0%
Buildings	231,342	231,994	(652)	(0.3%)
Parking garage	6,118	6,118	-	0.0%
Equipment	30,272	27,579	2,693	9.8%
	339,216	337,175	2,041	0.6%
Less accumulated depreciation	(50,737)	(38,411)	(12,326)	32.1%
Construction-in-progress	415	-	415	100.0%
Capital assets, net	$ 288,894	$ 298,764	$ (9,870)	(3.3%)

Noncurrent Liabilities

At year end, the Authority had debt outstanding of $103,052. The Authority's debt decreased $16,092 during the year. The dollar change is due to decreases relate to principal payments on outstanding debt.

OUTSTANDING DEBT (in thousands)

	2011	2010	Dollar Change	Percent Change
Assembly Center Lease Payment Revenue Bonds, Series 1985	$ 5,900	$ 7,160	$ (1,260)	(17.6%)
Recreational Facilities Revenue Bonds, Series 1985, net of $24 and $41 unamortized deferred loss on refunding	851	1,244	(393)	(31.6%)
Capital Improvements Revenue Bonds, Series 2006A	14,125	27,515	(13,390)	(48.7%)
Lease Revenue Bonds, Series 2007A	34,620	34,620	-	0.0%
Lease Revenue Bonds, Series 2007B	32,530	32,530	-	0.0%
Capital Improvement Revenue Bonds, Series 2008	14,230	14,910	(680)	(4.6%)
Total revenue bonds	102,256	117,979	(15,723)	(13.3%)
E911 Promissory Note, Series 2005	796	1,165	(369)	(31.7%)
Total debt	$ 103,052	$ 119,144	$ (16,092)	(13.5%)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority's appointed officials considered many factors when setting the 2012 budget and fees charged for business-type activities. At the national level, unemployment remains above nine percent. Unemployment in the City of Tulsa was 6.7 percent at the end of fiscal-year 2011. The Authority has not experienced a decline in collection rates for accounts receivable during this economic downturn.

Economic activity in the state of Oklahoma remains below pre-recession levels. However, Oklahoma's economy has grown strongly and greatly outpaced the nation this year.

The BOK Arena is ranked in the top five nationally based upon ticket sales in spite of the difficult economic conditions. The BOK Arena generated better than expected revenues in fiscal year 2011. Ticket prices vary by type of event at the arena.

Office vacancies in the City of Tulsa increased two percent from July 2010 through June 2011. The commercial real estate leasing environment in Tulsa remains unchanged from the previous year. Vacant office space in Tulsa's central business district was approximately 23 percent at June 30, 2011. The Authority increased the square footage under lease at OTC approximately four percent during fiscal year 2011.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Tulsa, Office of the Controller, 175 East Second Street, Tulsa, Oklahoma 74103.

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF NET ASSETS
June 30, 2011

(in thousands of dollars)

	One Technology Center	Arena and Convention	Financing	Recreational Facilities Revenue Bond	Business-Type Activities Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 2,990	$ 9,361	$ -	$ -	$ 12,351
Due from other government	-	220	-	-	220
Interest receivable	2	-	-	-	2
Accounts receivable	66	904	-	-	970
Notes receivable, current portion	309	-	-	-	309
Prepaid expenses	154	335	-	-	489
Inventory	-	197	-	-	197
Advances to primary government	-	758	-	-	758
	3,521	11,775	-	-	15,296
Noncurrent assets:					
Cash and cash equivalents, restricted	4,032	1,883	2,599	291	8,805
Interest receivable, restricted	16	18	35	2	71
Investments, restricted	1,251	1,625	18,568	-	21,444
Advances to primary government	-	-	800	-	800
Prepaid expenses	738	1,457	-	-	2,195
Notes receivable	29	-	-	-	29
Nondepreciable capital assets	3,012	9,036	4,500	-	16,548
Depreciable capital assets, net	51,916	220,063	-	367	272,346
Deferred bond issue cost, net	919	216	22	6	1,163
Total Assets	$ 65,434	$ 246,073	$ 26,524	$ 666	$ 338,697

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF NET ASSETS, Continued
June 30, 2011

(in thousands of dollars)

	One Technology Center	Arena and Convention	Financing	Recreational Facilities	Business-Type Activities Total
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	$ 447	$ 2,579	$ -	$ -	$ 3,026
Retainage payable	-	15	-	-	15
Unearned revenue	235	5,090	-	-	5,325
Accrued bond interest payable	477	408	63	-	948
Due to primary government	-	185	6,867	-	7,052
Current portion of bonds payable	-	2,065	14,125	430	16,620
Current portion of note payable	-	-	389	-	389
	1,159	10,342	21,444	430	33,375
Noncurrent liabilities:					
Arbitrage, restricted	-	-	43	-	43
Unearned revenue	-	1,636	-	-	1,636
Note payable, net of current portion	-	-	407	-	407
Revenue bonds payable, net of deferred loss and current portion	67,150	18,065	-	421	85,636
Unamortized premium	-	-	130	-	130
Unamortized discount	(145)	-	-	-	(145)
	67,005	19,701	580	421	87,707
Total liabilities	68,164	30,043	22,024	851	121,082
NET ASSETS					
Invested in capital assets, net of related debt	(8,620)	210,942	4,500	(484)	206,338
Restricted for:					
Debt service	1,032	1,145	-	293	2,470
Capital projects	989	-	-	-	989
Other purposes	236	-	-	-	236
Unrestricted	3,633	3,943	-	6	7,582
Total net assets (deficit)	$ (2,730)	$ 216,030	$ 4,500	$ (185)	$ 217,615

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

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended June 30, 2011

(in thousands of dollars)

	One Technology Center	Arena and Convention	Financing	Recreational Facilities	Business-Type Activities Total
Operating revenues:					
Lease revenue	$ 7,524	$ -	$ -	$ -	$ 7,524
Golf fees	-	-	-	2,024	2,024
Facilities revenue	-	10,160	-	-	10,160
Sponsorship and naming rights revenue	-	2,140	-	-	2,140
Parking facilities revenue	1,005	-	-	-	1,005
Investment income	-	-	114	-	114
Payments from primary government	-	-	45	457	502
Other	31	-	-	-	31
	8,560	12,300	159	2,481	23,500
Operating expenses:					
Personal services	479	-	-	-	479
Materials and supplies	71	-	-	-	71
Other service charges	3,762	11,035	-	-	14,797
Amortization of bond issue cost	-	-	24	-	24
Payments to related parties	-	-	-	2,024	2,024
Interest expense	-	-	135	-	135
Depreciation	1,924	10,150	-	222	12,296
	6,236	21,185	159	2,246	29,826
Operating income (loss)	2,324	(8,885)		235	(6,326)
Nonoperating revenues (expenses):					
Investment income	91	24	-	-	115
Interest expense	(3,606)	(1,268)	-	(8)	(4,882)
Amortization of bond issue costs	(42)	(27)	-	(44)	(113)
Payments from primary government	1,169	4,224	-	-	5,393
Contributions	-	41	-	-	41
	(2,388)	2,994	-	(52)	554
Capital contributions, intergovernmental	-	515	-	-	515
Change in net assets	(64)	(5,376)	-	183	(5,257)
Net assets (deficit), beginning of year	(2,666)	221,406	4,500	(368)	222,872
Net assets (deficit), end of year	$ (2,730)	$ 216,030	$ 4,500	$ (185)	$ 217,615

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

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF CASH FLOWS, Continued
Year Ended June 30, 2011

(in thousands of dollars)

	One Technology Center	Arena and Convention	Financing	Recreational Facilities	Business-Type Activities Total
Cash flows from operating activities:					
Principal paid on revenue bonds	$ -	$ -	$ (13,390)	$ -	$ (13,390)
Interest paid on revenue bonds	-	-	(1,433)	-	(1,433)
Receipts from customers	8,572	10,882	-	-	19,454
Receipts from golf fees	-	-	-	2,024	2,024
Investment income	-	-	152	-	152
Investment sales	-	-	31,757	-	31,757
Loan repayments received	-	-	13,648	-	13,648
Payments to suppliers for goods and services	(3,622)	(10,713)	-	-	(14,335)
Payments for employment services	(466)	-	-	-	(466)
Investment purchases	-	-	(23,359)	-	(23,359)
Advances	-	-	(5,801)	-	(5,801)
Payments from related parties	-	-	45	457	502
Payments to related parties	-	-	-	(2,024)	(2,024)
Net cash provided by operating activities	4,484	169	1,619	457	6,729
Cash flows from noncapital financing activities:					
Payments from primary government	-	1,356	-	-	1,356
Other contributions	-	41	-	-	41
Net cash provided by noncapital financing activities	-	1,397	-	-	1,397
Cash flows from capital financing activities:					
Acquisition of capital assets	(669)	(2,115)	-	-	(2,784)
Intergovernmental revenue	-	(220)	-	-	(220)
Payments from primary government	1,169	2,747	-	-	3,916
Principal paid on revenue bonds	-	(1,940)	-	(411)	(2,351)
Interest paid on revenue bonds	(3,606)	(1,316)	-	(35)	(4,957)
Capital contributions, cash	-	515	-	-	515
Net cash used in capital financing activities	(3,106)	(2,329)	-	(446)	(5,881)

(Continued)

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

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
STATEMENT OF CASH FLOWS, Continued
Year Ended June 30, 2011

(in thousands of dollars)

	One Technology Center	Arena and Convention	Financing	Recreational Facilities	Business-Type Activities Total
Cash flows from investing activities:					
Investment income	$ 77	$ 64	$ -	$ -	$ 141
Purchase of investments	(2,750)	-	-	-	(2,750)
Payments from notes receivable	285	-	-	-	285
Proceeds from sales or maturities of investments	1,499	-	-	-	1,499
Net cash (used for) provided by investing activities	(889)	64	-	-	(825)
Net change in cash and cash equivalents	489	(699)	1,619	11	1,420
Cash and cash equivalents, beginning of year	6,533	11,943	980	280	19,736
Cash and cash equivalents, end of year	$ 7,022	$ 11,244	$ 2,599	$ 291	$ 21,156
Reconcilation of cash and cash equivalents to the Statement of Net Assets					
Unrestricted cash and cash equivalents	$ 2,990	$ 9,361	$ -	$ -	$ 12,351
Restricted cash and cash equivalents	4,032	1,883	2,599	291	8,805
Total cash and cash equivalents	$ 7,022	$ 11,244	$ 2,599	$ 291	$ 21,156
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 2,324	$ (8,885)	$ -	$ 235	$ (6,326)
Adjustments:					
Depreciation	1,924	10,150	-	222	12,296
Change in accounts receivable	12	250	-	-	262
Change in inventories	-	(5)	-	-	(5)
Change in prepaid expenses	154	66	-	-	220
Change in accounts payable and accrued expenses	71	260	-	-	331
Change in deferred revenue	(1)	(1,667)	-	-	(1,668)
Interest expense	-	-	45	-	45
Change in investing assets and liabilities	-	-	45,557	-	45,557
Change in financing assets and liabilities	-	-	(23,404)	-	(23,404)
Change in operational financing activities	-	-	(14,778)	-	(14,778)
Change in advances	-	-	(5,801)	-	(5,801)
Net cash provided by operating activities	$ 4,484	$ 169	$ 1,619	$ 457	$ 6,729
Noncash investing and capital financing activities:					
Capital acqusitions through accounts payable and retainage	$ -	$ 364	$ -	$ -	$ 364

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

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

NATURE OF BUSINESS AND REPORTING ENTITY - The Tulsa Public Facilities Authority (the "Authority") is a public trust created on March 10, 1981, as the Tulsa Civic Center Authority. On March 12, 1982, the Authority amended its Trust Indenture to change its name to the Tulsa Public Facilities Authority and expand its purposes to promote the acquisition, construction, and operation of various facilities and public improvements in and for the City of Tulsa (the "City"). The Authority serves as a financing authority for the City as well as an enterprise authority for the operation of the One Technology Center ("OTC"), and BOK Arena and Tulsa Convention Center facilities (the "ACCF"). The five trustees are the Mayor and four individuals appointed by the Mayor and confirmed by the City Council. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

The OTC was acquired to consolidate City operations previously located in several locations in or near the central business district in downtown Tulsa and contains approximately 630,000 square feet of commercial office space.

The BOK Arena was constructed as part of Vision 2025, a project to grow economic and community infrastructure for future generations. The BOK Arena includes a 19,199 seat state-of-the-art sports and entertainment venue.

The Authority is included in the City's comprehensive annual financial report as a blended component unit. As such, the activities of the Authority are reported in various proprietary funds within the City's comprehensive annual financial report, as either enterprise funds or internal service funds.

BASIS OF ACCOUNTING - The financial statements of the Authority 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.

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles ("GAAP") as applied to government 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. All amounts are expressed in thousands unless otherwise noted.

The Authority reports the following major enterprise funds:

The One Technology Center fund accounts for the commercial leasing activities of the One Technology Center building and parking garage in Tulsa, Oklahoma.

Arena and Convention Centers Fund accounts for the operation of the BOK Arena and the Convention Center; both are sports and entertainment facilities in downtown Tulsa.

(Dollars in thousands)

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

The Recreational Facilities fund accounts for the activity of the City's two 36-hole golf course facilities, which is financed by debt that is secured by the pledge of golf revenues. This fund is reported as major for public interest purposes.

The Authority reports the following internal service fund:

Financing Fund – Capital Improvements Revenue Bond 2006A, E911 Promissory Note, Capital Improvements Revenue Bond - issues revenue bonds and a promissory note, the proceeds of which are loaned to the City or to one of its component units.

CASH AND CASH EQUIVALENTS - For purposes of reporting cash flows, the Authority considers all highly liquid debt instruments with an original maturity of three months or less when purchased and any cash held by the City of Tulsa's internal pool to be cash equivalents. Interest income in pooled cash and investments is allocated monthly based on the percentage of the Authority's average daily equity in the pooled portfolio to the total average daily pooled portfolio balance.

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

The Authority follows the provisions of GASB Statement No. 31, "Certain Investments and External Investment Pools," which requires governmental entities to report investments at fair value in the statement of net assets. A net increase in fair value of investments of $13 is recognized and reported in investment income in the statement of revenues, expenses and changes in net assets for the year ended June 30, 2011.

CAPITAL ASSETS - Capital assets purchased or acquired are carried at historical cost. The excess of interest cost, including amortization of bond discounts and bond issue costs, over interest earned on the proceeds of borrowings is capitalized during the construction period. Interest of $139 was capitalized during the year ended June 30, 2011.

DEPRECIATION - Capital assets placed in service are depreciated on a straight-line basis over the following estimated service lives and have the following capital thresholds:

Buildings	30-50 years	$5
Parking garage	30 years	$5
Leasehold improvements	24 years	$5
Equipment	3-20 years	$5
Land and artwork	Not depreciated	

DEFERRED BOND ISSUE COSTS - Deferred bond issue costs are capitalized and amortized over the life of the bonds using a method which approximates the effective interest method.

UNAMORTIZED DISCOUNTS - Original issue discounts on the Authority's revenue bonds are accreted over the lives of the bonds using the effective interest method.

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

UNAMORTIZED PREMIUMS – Original issue premiums on the Authority's revenue bonds are amortized over the lives of the bonds using the effective interest method.

UNEARNED REVENUE – Unearned revenues for the BOK Arena are comprised of arena naming rights, sponsorships, club sales and event deposits and are recognized over the life of the agreement, generally three to ten years or at the completion of the event. Unearned revenues for the OTC are related to leases and are recognized in the period earned.

NET ASSETS – Net assets of the Authority represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Net assets invested in capital assets, net of related debt excludes unspent bond proceeds of $4,538. Of the long-term debt outstanding and related unamortized premium, $15,051 of long-term debt was issued for noncapital purposes as of June 30, 2011. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or, laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Authority first applies restricted resources. Unrestricted net assets are remaining assets less remaining liabilities that do not meet the definition of invested capital assets, net of related debt or restricted.

REVENUE AND EXPENSES – Operating revenues consist of commercial office space lease revenue, parking garage rental, sponsorship and naming rights revenues, facilities use fees for the BOK Arena and the Convention Center, and daily use fees for the golf courses. Long-term leases govern the rates charged for the commercial office space leased. Long-term agreements govern the amount of revenue recognized by the BOK Arena as sponsorship and naming rights revenue.

Operating expenses consist of all costs incurred to administer the One Technology Center building and garage, the BOK Arena, the Convention Center, and the City's two 36-hole golf courses, including depreciation and amortization of capital assets. All revenues and expenses not meeting these descriptions are considered nonoperating revenues and expenses.

INCOME TAXES - The Authority is nontaxable as a political subdivision under Section 115(1) of the Internal Revenue Code, as amended.

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.

(Dollars in thousands)

2. CASH DEPOSITS AND INVESTMENTS

POOLED CASH AND INVESTMENTS – The Authority 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 other securities guaranteed by the United States Government or its agencies and are recorded at fair value. At June 30, 2011, the pooled cash and investments, which are reflected on the Authority's Statement of Net Assets within cash and cash equivalents, amounted to $4,100. The pooled cash and investments balances at June 30, 2011 are represented by investments that were collateralized by securities that were held by the pledging financial institution, or by its trust department or agent, in the City's name.

NON-POOLED INVESTMENTS - Investments are carried at fair value. In accordance with the bond indentures and state statues, authorized investments consist of obligations of the U.S. Treasury, federal agencies and instrumentalities, and money market mutual funds.

At June 30, 2011, the Authority had the following non-pooled investments and maturities:

		Maturities in Years	
Type	**Fair Value**	**Less than 1**	**1-5**
U.S. Agency Obligations and Instrumentalities	$ 21,444	$ 21,444	$ -
Money Market Mutual Funds	7,636	7,636	-
	$ 29,080	$ 29,080	$ -

Interest Rate Risk – The Authority utilizes the City of Tulsa investment policy as a means of limiting its exposure to fair value losses arising from rising interest rates.

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

Non-pooled investments - The Authority's investment policy is established by bond indentures that provide maturity of investments as bonds become due. There is no stated policy for investments not associated with bond indentures. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately, and are not subject to interest rate risk.

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

Pooled investments - The City's investment policy prohibits purchasing any investments rated below AA at the time of purchase. As of June 30, 2011, the U.S. agencies obligations included in

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

the City's pooled investment portfolio were rated Aaa and AAA by Moody's and Standard & Poor's, respectively.

Non-pooled investments - The Authority has no policy regarding credit risk other than what is required by bond indentures or state statute. At June 30, 2011, the Authority's investments in U. S. agencies obligations not directly guaranteed by the U. S. government and the money market funds were rated AAA by Standard & Poor's.

Custodial Credit Risk – For deposits with financial institutions, custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

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

Non-pooled deposits and investments – The Authority's deposit policy for custodial credit risk requires compliance with provisions of state law and demand deposits be collateralized at least 110% of the amount not federally insured. At June 30, 2011 none of the Authority's non- pooled deposits balance of $9,420 was exposed to custodial credit risk. The Authority's investments in U.S. agency obligations and instrumentalities are uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the Authority's name. The Authority's investment in money market mutual funds is not categorized as to custodial credit risk because the investment is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested in any one issuer.

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

Non-pooled investments – At June 30, 2011, the Authority's investments as a percentage of non-pooled investments were as follows:

(Dollars in thousands)

2. CASH DEPOSITS AND INVESTMENTS, continued

Federal National Mortgage Association	7%
Federal Home Loan Bank	17%
Federal Home Loan Mortgage Corporation	61%

RECONCILIATION TO STATEMENT OF NET ASSETS – A reconciliation of the pooled cash and investments and non-pooled cash and investments to the carrying amounts on the statement of net assets as of June 30, 2011, is as follows:

Pooled cash and investments	$	4,100
Non-pooled cash and investments		38,500
	$	42,600
Current unrestricted cash and cash equivalents	$	12,351
Non-current restricted cash and cash equivalents		8,805
Non-current restricted investments		21,444
	$	42,600

INVESTMENT INCOME – Investment income for the year ended June 30, 2011, consisted of:

Interest and dividend income	$	216
Net increase in fair value of investments and cash equivalents		13
	$	229

3. ACCOUNTS RECEIVABLE/ACCOUNTS PAYABLE AND NOTE RECEIVABLE

The accounts receivable balance consists of amounts owed at year end for OTC leasing revenues and Tulsa Convention Center event revenues. The accounts payable balance consists of capital expenditures and expenses occurring from the operation of these facilities.

The Authority has entered into a note receivable with a lessee in accordance with the lease agreement. The note calls for monthly payments of principal and interest of $27 though August 2012.

4. ADVANCES TO PRIMARY GOVERNMENT

On May 23, 2005, the Authority issued the $2,500 Series 2005 Promissory Note. The proceeds were used to finance construction of the E911 Public Safety Response Center. The advances to the primary government in the E911 Promissory Note Fund relates to an advance to the E911 Operating Fund of the City of Tulsa for the construction of the E911 Public Safety Response

(Dollars in thousands)

4. ADVANCES TO PRIMARY GOVERNMENT, continued

Center. Note proceeds were used for construction, furniture, fixtures, and equipment. The Note has an eight year term and matures in installments between fiscal years 2006 and 2013. Annual principal and interest requirements will be provided by the E911 Operating Fund from related revenues.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 16,001	$ -	$ -	$ 16,001
Artwork	132	-	-	132
Construction in progress	-	2,332	(1,917)	415
Totals, capital assets not being depreciated	16,133	2,332	(1,917)	16,548
Capital assets, being depreciated:				
Leasehold improvements	55,351	-	-	55,351
Buildings	231,994	-	(652)	231,342
Parking garage	6,118	-	-	6,118
Equipment	27,579	2,693	-	30,272
Total, capital assets being depreciated	321,042	2,693	(652)	323,083
Less accumulated depreciation:				
Leasehold improvements	(6,317)	(2,197)	-	(8,514)
Buildings	(26,090)	(6,747)	36	(32,801)
Parking garage	(507)	(200)	-	(707)
Equipment	(5,497)	(3,152)	(66)	(8,715)
Total accumulated depreciation	(38,411)	(12,296)	(30)	(50,737)
Total capital assets being depreciated, net	282,631	(9,603)	(682)	272,346
Capital assets, net	$ 298,764	$ (7,271)	$ (2,599)	$ 288,894

(Dollars in thousands)

6. REVENUE BONDS PAYABLE

Revenue bonds payable activity for the year ended June 30, 2011 is as follows:

Bond, Series, Maturity Dates	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Assembly Center, Series 1985, 2014	$ 23,335	6.60%	$ 7,160	$ -	$ (1,260)	$ 5,900	$ 1,340
Recreational Facilities, Series 2003, 2012	3,460	3.15%-3.35%	1,285	-	(410)	875	430
Capital Improvements, Series 2006A, 2012	72,965	5.00%	27,515	-	(13,390)	14,125	14,125
Lease Revenue, Series 2007A, 2038	34,620	4.625%-5.250%	34,620	-	-	34,620	-
Lease Revenue, Series 2007B, 2030	33,130	5.06%-6.60%	32,530	-	-	32,530	-
Capital Improvements, Series 2008, 2027	16,000	4.484%-6.069%	14,910	-	(680)	14,230	725
Total revenue bonds			118,020	-	(15,740)	102,280	16,620
Unamortized deferred loss on refunding			(41)	-	17	(24)	-
Amounts reported on statement of net assets			117,979	-	(15,723)	102,256	16,620
Unamortized premiums			396	-	(266)	130	-
Unamortized discounts			(151)	-	6	(145)	-
			$ 118,224	$ -	$ (15,983)	$ 102,241	$ 16,620

Principal and interest payments in subsequent years are as follows:

	Principal	Interest	Total
2012	$ 16,620	$ 5,659	$ 22,279
2013	2,705	4,815	7,520
2014	3,695	4,628	8,323
2015	3,935	4,402	8,337
2016	2,475	4,214	6,689
2017-2021	12,820	18,826	31,646
2022-2026	14,450	14,557	29,007
2027-2031	16,675	9,487	26,162
2032-2036	19,585	4,951	24,536
2037-2039	9,320	460	9,780
	$ 102,280	$ 71,999	$ 174,280

(a) ASSEMBLY CENTER LEASE PAYMENT REVENUE BONDS, REFUNDING SERIES 1985

On October 17, 1985, the Authority issued $23,335 Series 1985 bonds, which are accounted for in the Arena and Convention Fund. The proceeds of these bonds were utilized to refund the Authority's $15,600 Assembly Center Lease Payment Revenue

6. **REVENUE BONDS PAYABLE, continued**

Bonds, Series 1982, as well as provide funds for the construction of certain additions and improvements to the Assembly Center. Remaining funds are held in trust and managed by a bank pursuant to the Bond Indenture.

The bonds are collateralized by a lease agreement between the City and the Authority which provides that a portion of the hotel/motel taxes collected by the City are pledged as lease payments equal to the annual debt service on the bonds.

Total principal and interest remaining on the debt is $7,211 with annual requirements ranging from $1,729 to $1,722. Lease revenue, from which the appropriations will be made, has averaged $1,563 per year over the past five years. For the current year, principal and interest paid by the Authority and the total hotel/motel taxes received by the Authority for debt service were $1,691 and $1,691, respectively.

(b) **RECREATIONAL FACILITIES REVENUE BONDS, REFUNDING SERIES 2003**

On December 1, 2003, the Authority issued $3,460 Series 2003 Revenue Bonds. The proceeds of the issue were used to refund the Authority's Series 1985 Revenue Bonds. This refunding resulted in a deferred accounting loss of $156 which is being amortized over the life of the new bonds.

Total principal and interest remaining on the debt is $904 with annual requirements ranging from $444 to $452. Golf course revenue, from which the appropriations will be made, has averaged $2,047 per year over the past five years. For the current year, principal and interest paid by the Authority and the total golf course revenue recognized by the Authority were $444 and $2,024, respectively.

(c) **CAPITAL IMPROVEMENTS REVENUE BONDS, SERIES 2006A**

The proceeds in the amount of $72,965 are accounted for in the Capital Improvements Revenue Bond 2006A Fund, and are utilized to advance fund the extension of the third penny sales tax approved by voters on May 9, 2006. Cash and investments are held in trust and managed by a trustee pursuant to the Bond Indenture.

Total principal and interest remaining on the debt is $14,831 with annual requirements ranging from $14,478 to $14,478. Sales tax revenue, from which the appropriations will be made, has averaged $11,529 per year over the past five years. For the current year, principal and interest paid by the Authority and the sales tax proceeds received by the Authority for debt service were $14,766 and $14,766, respectively.

(d) **LEASE REVENUE BONDS, SERIES 2007A and 2007B**

On November 20, 2007, the Authority issued its Lease Payment Revenue Bonds, Series 2007A in the amount of $34,620 and Taxable Series 2007B in the amount of $33,130, for the purposes of retiring the promissory note used to purchase OTC and making certain improvements to the OTC building. The lease revenue bonds will be paid from current and new lease revenues.

(Dollars in thousands)

6. REVENUE BONDS PAYABLE, continued

Total principal and interest remaining on the debt is $130,310 with annual requirements ranging from $3,734 to $5,007. Lease revenue, from which the appropriations will be made, has averaged $5,056 per year over the past three years. For the current year, interest paid by the Authority and the lease revenue recognized by the Authority were $3,734 and $7,524 respectively.

(e) CAPITAL IMPROVEMENTS SERIES 2008

In April 2008, the Authority issued $16,000 Series 2008 Capital Improvements Revenue Bonds. The proceeds of the bonds were used to fund the acquisition, construction, furnishing and equipping of capital improvements and additions to the City's BOK Arena, to fund the Bond Reserve Fund in the amount of ten percent of the par amount of the bonds (the "Reserve Requirement") and to pay the costs of issuing the Bonds. The Authority and the City entered into a year to year Projects Agreement, dated as of April 1, 2008 (the "Projects Agreement"), pursuant to which the Authority will issue the bonds and the City has agreed to make payments pursuant to the Projects Agreement sufficient to pay (a) the principal of and interest on the bonds; and (b) all costs and expenses of the Authority in connection with the issuance, sale and delivery of the bonds. The Authority has assigned the funds payable under the Projects Agreement to the Trustee pursuant to the terms of the Indenture.

Total principal and interest remaining on the debt is $21,524 with annual requirements ranging from $674 to $1,776. Sponsorship and naming rights revenue, from which the appropriations will be made, has averaged $1,564 per year over the past four years. For the current year, principal and interest paid by the Authority and the sponsorship and naming rights revenue recognized by the Authority were $1,561 and $2,140, respectively.

7. PROMISSORY NOTES PAYABLE

The changes in promissory notes payable during 2011 can be summarized as follows:

Promissory Notes, Maturity Dates	Issue Amount	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
E911 Series 2005, 2013	$ 2,500	4.3%	$ 1,165	-	$ (369)	$ 796	$ 389

On May 23, 2005, the Authority issued the $2,500 Series 2005 Promissory Note. The proceeds were used to finance construction of the E911 Public Safety Response Center. The advances to primary government with E911 Promissory Note Fund relate to an advance for the construction of the E911 Public Safety Response Center. Note proceeds are being used for construction, furniture and fixtures, and equipment. The note has an eight year term and matures in installments between fiscal years 2006 and 2013.

(Dollars in thousands)

7. PROMISSORY NOTES PAYABLE, continued

Total principal and interest remaining on the debt is $840 with annual requirements ranging from $416 to $420. E911 fees, from which the appropriations will be made, have averaged $77 per year over the past five years. For the current year, principal and interest paid by the Authority and the E911 fees recognized by the Authority were $416 and $45, respectively.

As of June 30, 2011, the Authority was in violation of its covenant to provide quarterly unaudited financial statements to the lender. The Authority received a letter from the lender which waived the aforementioned covenant.

PRINCIPAL & INTEREST PAYMENTS IN SUBSEQUENT YEARS:

	Principal	Interest	Total
2012	$ 389	$ 31	$ 420
2013	407	13	420
	$ 796	$ 44	$ 840

8. LEASE REVENUE

ASSEMBLY CENTER LEASES - In October 1980, the City of Tulsa voters approved an increase in the City's hotel/motel tax from three percent to five percent. Additionally, City Ordinances were changed to allocate 59.6% of such tax received by the City to an expansion and partial renovation of the City's Assembly Center (the “Project”). The tax increase and the reallocation of the tax received were for the purpose of financing the 145,000 square foot addition to the Assembly Center via certain lease arrangements with the Authority. The substance of these leases is as follows:

Assembly Center Site Lease - The City holds title to the property at the west end of the Assembly Center upon which the Project was constructed. The City leased this site to the Authority for 32 years, ending March 1, 2014, for a nominal rental payment.

Assembly Center Complex Lease - This 32-year lease agreement, ending March 1, 2014, provides for the City to lease the project back from the Authority using, as a primary source of rental payments, 59.6% of the hotel/motel tax. These rentals paid by the City to the Authority amounted to $1,133 for the year ended June 30, 2011. The rental payments are shown as payments from primary government on the Statement of Revenues, Expenses and Changes in Net Assets.

ONE TECHNOLOGY CENTER LEASES - Commercial property lease revenues arise from the leasing of the Authority’s commercial lease space at the OTC facility. Lease terms range from approximately five to ten years. Approximately 62% of the net rentable space is available to external tenants. At year end, the building was approximately 89% occupied. Depreciation expense for leased property is provided primarily on the straight-line method over the estimated useful life of the leased property. Depreciation expense related to the OTC facility was $1,924 for the current year.

(Dollars in thousands)

8. LEASE REVENUE, continued

The gross amounts of capital assets subject to lease as of June 30, 2011 are as follows:

Building	$	46,818
Parking garage		6,118
Land		2,700
Equipment		5,288
Accumulated depreciation		(6,308)
Net investment in commercial property leases	$	54,616

The Authority paid $1,462 of commissions and purchase-related expenses associated with the acquisition and leasing of OTC. These amounts are included in prepaid expenses and are being amortized over the remaining life of the respective leases. The Authority has recognized life-to-date amortization expense of $570.

Minimum future rentals on noncancellable operating leases as of June 30, 2011 are as follows:

Years		
2012	$	3,657
2013		3,759
2014		3,992
2015		3,992
2016		3,783
2017-2018		4,729
	$	23,911

BOK ARENA USE LICENSE AGREEMENTS – On October 22, 2007, SMG entered into an Extended Use License Agreement with Professional Football of Tulsa, LLC (“The Talons”). Under the agreement, the Talons will have access to the BOK for games and practice sessions for the 2009 season through the 2011 season. The Talons paid a license fee for each home game plus a bonus license fee equal to 50% of ticket sales in the upper level. This agreement was not renewed.

On October 26, 2007, SMG entered into an Extended Use License Agreement with Tulsa Oilers Hockey, Inc. (“The Oilers”). Under the agreement, the Oilers will have access to BOK Arena for games and practice sessions for the 2008-2009 season through the 2017-2018 season. The Oilers will pay a license fee for each home game plus a rental bonus if gross ticket revenue equals $2.25 million for the season. If gross ticket revenues equal $2.5 million for the season, the BOK Arena will receive a bonus license fee equal to 30% of ticket sales in the upper level.

On March 17, 2010, SMG entered in to an Extended Use License Agreement with Tulsa Pro Hoops, Inc. (“TPH”). Under the agreement, TPH, as a member of the Women’s National Basketball Association (“WNBA”), will have access to the BOK Arena for purposes of

(Dollars in thousands)

8. LEASE REVENUE, continued

conducting professional basketball operations for the 2010 through the 2014 WNBA seasons with the option to extend, at TPH's wish, through the 2017 WNBA season. TPH will pay a license fee for each home game and for each practice session or related event. TPH will also pay SMG a credit card fee in the amount of three percent of gross credit card ticket sales made by SMG. TPH and SMG shall share rights associated with marketing and licensing for suites and loge boxes and SMG will receive a portion of related revenues as per the agreement. SMG will also have the right to impose a convenience charge as well as a $2.00 facility fee per ticket sold for each home game excluding season tickets and multiple-game packages.

See *Note 11* for a discussion of the operating agreement between the Authority and SMG.

9. UNEARNED REVENUE

The Authority had the following unearned revenues at June 30, 2011:

	Total	Current	Noncurrent
One Technology Center - advance lease and parking fees	$ 235	$ 235	$ -
BOK Arena - advance ticket sales, membership fees, naming rights, sponsorships and box income	6,726	5,090	1,636
	$ 6,961	$ 5,325	$ 1,636

10. BOK ARENA NAMING RIGHTS, SPONSORSHIPS AND LUXURY BOX AGREEMENTS

The Authority had $26,160 in naming rights, sponsorships and luxury box agreements at June 30, 2011. During the year, the Authority recognized $2,140 in naming rights and sponsorship revenue. In 2011, the Authority recognized $1,169 of revenue related to the luxury box agreements which is included in Facilities Revenue. Any amounts received but not earned are reflected as unearned revenue on the statement of net assets. The future earnings to be recognized on these agreements are as follows.

2012	$ 3,506
2013	3,491
2014	2,960
2015	2,854
2016	2,632
2017-2021	9,532
2022-2026	5,049
2027-2028	1,199
	$ 31,223

11. OPERATING AGREEMENTS

In March, 2006, the Authority entered into an operating agreement with SMG. The agreement as subsequently amended provides for the development, pre-operation and management services of both the Tulsa Convention Center and BOK Arena facilities. The amended term of the operating section of the agreement is July 1, 2007 through June 30, 2010 for the Tulsa Convention Center and July 1, 2007 through June 30, 2010 for the BOK Arena. The Authority may extend the term for the operation of the Tulsa Convention Center for five additional one year terms and the BOK Arena for four additional one year terms. The Authority exercised their option to extend for the year ended June 30, 2012.

Under the agreement, for the year ended June 30, 2011, SMG earned an annual base management fee of $43 for the Tulsa Convention Center and $158 for the BOK Arena. SMG can also earn an annual incentive fee based on the operating results of both facilities compared to certain operating thresholds, as defined in the agreements. The operating thresholds, as defined in the agreements are gross revenue, attendance and net operating profits. If the benchmark is met for a threshold, SMG may receive an incentive fee equal to 33 1/3% of the management fee. The incentive fee may not exceed the management fee for the year. SMG earned $158 of incentive fee for the BOK Arena and $37 for the Tulsa Convention Center for the year ended June 30, 2011.

During 2009, SMG assumed responsibilities for food services for the BOK Arena and the Tulsa Convention Center. For the year ended June 30, 2011, SMG earned a management fee for food services of $178 for the BOK Arena and $30 for the Tulsa Convention Center.

In September, 2007, the Authority entered into a master lease agreement with Bank of Oklahoma (“BOK”) wherein BOK guaranteed the payment of certain OTC lease revenues by third parties to the Authority. In exchange, the Authority agrees to pay to BOK 80% of OTC net cash flows, up to a maximum of $4,500, from the first 66,589 square feet of OTC space leased. The remaining 20% of OTC net cash flows from this space are to be deposited into the Authority’s escrow account to be distributed subject to the terms of the agreement. During the year, no guarantee payments were due the Authority under this agreement. OTC net cash flow payments were $412 to BOK and $103 to the escrow.

In September 2007, the Authority, as part of the purchase of the OTC facility, assumed an operating agreement with Central Parking, wherein Central Parking provides for the operation and maintenance of the OTC parking facility. The agreement provides for the receipt of revenues and the payment of expenses. Under the agreement, the Authority received revenues of $956 and incurred expenses of $109 for the year ended June 30, 2011.

In December of 2007, the Authority entered into an agreement with CB Richard Ellis/Oklahoma AMO (“CBRE”), wherein CBRE provides leasing services for the unleased portions of the OTC facility. The initial agreement was for a six month term with an automatic renewal provision for an additional six months. In January 2009, the Authority entered into an agreement to extend the exclusive Listing Agreement for an initial term beginning on November 30, 2009 and expiring on November 29, 2010. Under this agreement, the Authority incurred costs of $0 for the year ended June 30, 2011.

(Dollars in thousands)

11. OPERATING AGREEMENTS, continued

In February 2008, the Authority entered into an agreement with CBRE, wherein CBRE provides building and construction management services for the OTC facility. The initial agreement expired June 30, 2009 and there are three annual renewal options. Under this agreement, the Authority incurred building management expense of $102 for the year ended June 30, 2011. Management expects this agreement to be renewed.

12. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters other than natural disasters. There have been no significant reductions in insurance coverage for insured programs. Settled claims have not exceeded coverage in any of the three preceding years.

13. GENERAL LITIGATION

The Authority is subject to claims and lawsuits that arise primarily in the course of ordinary business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, changes in financial position and cash flows of the Authority.

14. RELATED PARTY TRANSACTIONS

During the year ended, the Authority conducted the following transactions with related entities:

Payments from the City of Tulsa for the Tulsa Convention Center operations	$ 1,356
Payments from the City of Tulsa for the Assembly Center debt service	4,318
Payments from the City of Tulsa for OTC lease	5,222
Payments from the City of Tulsa's Sales Tax fund for debt service	13,648
Payments from the City of Tulsa's E911 fees for debt service	45
Payments from the City of Tulsa's Golf Fund - golf revenues pledged for debt service	2,024
Payments from the City of Tulsa for Recreational Facilities debt service	457
Payments from the City of Tulsa for debt service	1,169

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
COMBINING SCHEDULE OF NET ASSETS – FINANCING FUND
June 30, 2011

(in thousands of dollars)

	Capital Improvements Revenue Bond 2006A	E911 Promissory Note	Capital Improvements Revenue Bond	Financing Fund Total
<u>**ASSETS**</u>				
Noncurrent assets:				
Cash and cash equivalents, restricted	2,599	-	-	2,599
Interest receivable, restricted	35	-	-	35
Investments, restricted	18,568	-	-	18,568
Advances to primary government, restricted	-	800	-	800
Nondepreciable capital assets	-	-	4,500	4,500
Deferred bond issue cost, net	22	-	-	22
	21,224	800	4,500	26,524
Total Assets	$ 21,224	$ 800	$ 4,500	$ 26,524

(continued)

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
COMBINING SCHEDULE OF NET ASSETS – FINANCING FUND, continued
June 30, 2011

(in thousands of dollars)

	Capital Improvements Revenue Bond 2006A	E911 Promissory Note	Capital Improvements Revenue Bond	Financing Fund Total
LIABILITIES				
Current liabilities:				
Accrued bond interest payable	59	4	-	63
Due to component units	6,867	-	-	6,867
Current portion of bonds payable	14,125	-	-	14,125
Current portion of note payable	-	389	-	389
	21,051	393	-	21,444
Noncurrent liabilities:				
Arbitrage	43	-	-	43
Note payable, net of current portion	-	407	-	407
Unamortized premium	130	-	-	130
	173	407	-	580
Total liabilities	21,224	800	-	22,024
NET ASSETS				
Invested in capital assets	-	-	4,500	4,500
Total net assets	$ -	$ -	$ 4,500	$ 4,500

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
COMBINING SCHEDULE OF CHANGES IN REVENUES, EXPENSES AND CHANGE IN NET ASSETS – FINANCING FUND
Year Ended June 30, 2011

(in thousands of dollars)

	Capital Improvements Revenue Bond 2006A	E911 Promissory Note	Capital Improvements Revenue Bond	Financing Fund Total
Operating revenues:				
Investment income	114	-	-	114
Payments from primary government	-	45	-	45
	114	45	-	159
Operating expenses:				
Amortization of bond issue cost	24	-	-	24
Interest expense	90	45	-	135
	114	45	-	159
Operating income (loss)	-	-	-	-
Change in net assets	-	-	-	-
Net assets, beginning of year	-	-	4,500	4,500
Net assets, end of year	$ -	$ -	$ 4,500	$ 4,500

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
COMBINING SCHEDULE OF CASH FLOWS – FINANCING FUND
Year Ended June 30, 2011

(in thousands of dollars)

	Capital Improvements Revenue Bond 2006A	E911 Promissory Note	Capital Improvements Revenue Bond	Financing Fund Total
Cash flows from operating activities:				
Investment income	152	-	-	152
Investment sales	31,757	-	-	31,757
Loan repayments received	13,648	-	-	13,648
Investment purchases	(23,359)	-	-	(23,359)
Advances	(5,801)	-	-	(5,801)
Payments from related parties	-	45	-	45
Principal paid on long-term debt	(13,390)	-	-	(13,390)
Interest paid on long-term debt	(1,388)	(45)	-	(1,433)
Net cash provided by operating activities	1,619	-	-	1,619

(Continued)

TULSA PUBLIC FACILITIES AUTHORITY
(A Component Unit of the City of Tulsa, Oklahoma)
COMBINING SCHEDULE OF CASH FLOWS – FINANCING FUND, continued
Year Ended June 30, 2011

(in thousands of dollars)

	Capital Improvements Revenue Bond 2006A	E911 Promissory Note	Capital Improvements Revenue Bond	Financing Fund Total
Net change in cash and cash equivalents	1,619	-	-	1,619
Cash and cash equivalents, beginning of year	980	-	-	980
Cash and cash equivalents, end of year	$ 2,599	$ -	$ -	$ 2,599
Reconcilation of cash and cash equivalents to the Statement of Net Assets				
Current restricted cash and cash equivalents	2,599	-	-	2,599
Total cash and cash equivalents	$ 2,599	$ -	$ -	$ 2,599
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	$ -	$ -	$ -	$ -
Adjustments:				
Interest expenses	-	45	-	45
Change in investing assets and liabilities	45,557	-	-	45,557
Change in financing assets and liabilities	(23,359)	(45)	-	(23,404)
Change in operational financing actvities	(14,778)	-	-	(14,778)
Change in advances	(5,801)	-	-	(5,801)
Net cash provided by operating activities	$ 1,619	$ -	$ -	$ 1,619

ONE TECHNOLOGY CENTER

Percentage of Occupied Units

Total occupied	15
Total vacant units	2
Total units	17
Percentage Occupied	88%

Percentage of Occupied Square Feet

Total Occupied Sq. Feet	558,223
Total Vacant Sq. Feet	72,215
Total Square Footage	630,438
Percentage Occupied	89%

Major Tenants and Square Feet

Level 3 Communications, LLC	143,242
City of Tulsa	239,456
Deloitte, LLP	48,156