AGENDA
SHAWNEE CIVIC AND CULTURAL DEVELOPMENT AUTHORITY
MARCH 16, 2023 AT 12:30 PM
COMMISSION CHAMBERS AT CITY HALL
16 WEST 9TH STREET
SHAWNEE, OKLAHOMA

Official action can only be taken on items which appear on the agenda. The public body may adopt, approve, ratify, deny, defer, recommend, amend, strike, or continue any agenda item. When more information is needed to act on an item, the public body may refer the matter to Staff or back to Committee or the recommending body. Under certain circumstances, items are deferred to a future date or stricken from the agenda entirely.

CALL TO ORDER

DECLARATION OF QUORUM

1. Discussion regarding the mediation between the City of Shawnee, Pottawatomie County, and the Shawnee Civic and Cultural Development Authority.
2. Discussion regarding the 2021 Shawnee Civic and Cultural Development Authority Audit.
3. Update regarding the International Finals Youth Rodeo 2023.
4. Public Comments
5. Trustee Comments
6. Adjournment

Respectfully submitted,

Kacie Eck, CMC, Sr. Deputy City Clerk

The City of Shawnee encourages participation from its citizens in public meetings. If participation is not possible due to a disability, notify the City Clerk, in writing, at least forty-eight hours prior to the scheduled meeting, and necessary accommodations will be made. (ADA 28 CFR 36)

March 10, 2023

Arledge & Associates P.C.
309 N. Bryant Avenue
Edmond, OK 73034

This representation letter is provided in connection with your audit of the financial statements of the Shawnee Civic and Cultural Development Authority of the City of Shawnee, County of Pottawatomie, State of Oklahoma (the "Authority"), which comprise the respective financial position of the business-type activities as of December 31, 2021, and the respective changes in financial position and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 10, 2023 the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 18, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.

3) We acknowledge our responsibility for 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.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

8) We are not aware of any uncorrected misstatements.

9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10) Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11) We have provided you with:

    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.

    b) Additional information that you have requested from us for the purpose of the audit.

    c) Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

    d) Minutes of the meetings of the Authority or summaries of actions of recent meetings for which minutes have not yet been prepared.

12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14) We have no knowledge of any fraud or suspected fraud that affects the Authority and involves—

    - Management,
    - Employees who have significant roles in internal control, or
    - Others where the fraud could have a material effect on the financial statements.

15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements communicated by employees, former employees, regulators, or others.

16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18) We have disclosed to you the names of the Authority's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20) We have taken timely and appropriate steps to remedy identified and suspected fraud or noncompliance with provisions of laws, regulations, and contracts that you have reported to us.

21) We have a process to track the status of audit findings and recommendations.

22) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.

23) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

24) The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net position.

25) We are responsible for compliance with the laws, regulations, and provisions of contracts applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in the financial statements.

26) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.

27) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

28) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.

29) The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

30) The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

31) Components of net position (net investment in capital assets; and unrestricted) are properly classified and, if applicable, approved.

32) Expenses have been appropriately classified in in the Statement of Revenues, Expenses, and Changes in Net Position, and allocations have been made on a reasonable basis.

33) Revenues are appropriately classified in the Statement of Revenues, Expenses, and Changes in Net Position.

34) Internal, and intra-entity activity and balances have been appropriately classified and reported.

35) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

36) We have appropriately disclosed the Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

Signature: ______________________________ Signature: ______________________________

Title: __________________________________ Title: __________________________________

SHAWNEE CIVIC AND CULTURAL DEVELOPMENT AUTHORITY
OF THE CITY OF SHAWNEE, COUNTY OF POTTAWATOMIE,
STATE OF OKLAHOMA

BASIC FINANCIAL STATEMENTS

December 31, 2021 and 2020

SHAWNEE CIVIC AND CULTURAL DEVELOPMENT AUTHORITY OF THE CITY OF SHAWNEE, COUNTY OF POTTAWATOMIE, STATE OF OKLAHOMA

BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the Shawnee Civic and Cultural Development Authority
of the City of Shawnee, County of Pottawatomie, State of Oklahoma

Opinion

We have audited the accompanying financial statements of the Shawnee Civic and Cultural Development Authority of the City of Shawnee, County of Pottawatomie, State of Oklahoma (the "Authority"), which is a component unit of the City of Shawnee, Oklahoma, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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 and statement of cash flows of the Authority as of December 31, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Authority and do not purport to, and do not, present fairly the financial position of the City of Shawnee, Oklahoma, as of December 31, 2021 and the changes in its financial position and cash flows in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

The financial statements of the Authority as of December 31, 2020, were audited by other auditors whose report was dated January 10, 2022, and expressed an unmodified opinion on those statements.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated Month Day, 2023, on our consideration of the Authority'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 that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Edmond, Oklahoma

Month Day, 2023

Shawnee Civic and Cultural Development Authority of the City of Shawnee, County of Pottawatomie, State of Oklahoma

Statement of Net Position
December 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 39,550	$ 27,569
Total current assets	39,550	27,569
Capital assets:		
Buildings, net of accumulated depreciation	3,224,510	3,248,549
Equipment, net of accumulated depreciation	335,579	558,536
Total capital assets	3,560,089	3,807,085
Total assets	$ 3,599,639	$ 3,834,654
LIABILITIES		
Current liabilities:		
Accounts payable	$ 6,500	$ 6,500
Due to management company	6,891	6,891
Current portion of noncurrent liabilities	12,280	11,707
Total current liabilities	25,671	25,098
Long term liabilities		
Note payable	-	10,725
Total noncurrent liabilities	-	10,725
Total liabilities	25,671	35,823
NET POSITION		
Net investment in capital assets	3,547,809	3,784,653
Unrestricted	26,159	14,178
Total net position	$ 3,573,968	$ 3,798,831

The notes to the financial statements are an integral part of this statement.

Shawnee Civic and Cultural Development Authority of the City of Shawnee, County of Pottawatomie, State of Oklahoma

Statement of Revenues, Expenses, and Changes in Net Position
December 31, 2021 and 2020

REVENUE	**2021**	**2020**
Events	$ 659,961	$ 19,989
Total operating revenue	659,961	19,989
OPERATING EXPENSES		
Accounting	6,500	9,069
Bank charges	1,116	-
Contribution expense	2,672	-
Office expense	2,124	1,141
Rodeo expense	637,603	79
Depreciation	246,995	248,682
Total operating expenses	897,010	258,971
Operating loss	(237,049)	(238,982)
NON-OPERATING REVENUE (EXPENSE)		
Contributions	12,709	19,216
Interest income	111	101
Interest expense	(634)	(1,233)
Total non-operating revenue	12,186	18,084
Decrease in net position	(224,863)	(220,898)
Net position - beginning of year	3,798,831	4,019,729
Net position - end of year	$ 3,573,968	$ 3,798,831

The notes to the financial statements are an integral part of this statement.

Shawnee Civic and Cultural Development Authority of the City of Shawnee, County of Pottawatomie, State of Oklahoma

Statement of Cash Flows
December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 659,961	$ 9,607
Cash payments to suppliers for goods and contractors and other services	(650,015)	(10,559)
Net cash provided (used) by operating activities	9,946	(952)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from City of Shawnee	12,709	13,446
Principal paid on debt	(10,152)	(11,213)
Interest paid on debt	(634)	(1,233)
Net cash provided in capital and related financing activities	1,923	1,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	111	101
Net cash provided by investing activities	111	101
Net increase in cash	11,981	149
Cash and cash equivalents at beginning of year	27,569	27,420
Cash and cash equivalents at end of year	$ 39,550	$ 27,569
Reconciliation of operating income to net cash provided by operating activities		
Operating loss	$ (237,049)	$ (238,982)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	246,995	248,682
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	-	465
Increase (decrease) in accounts payable	-	(270)
Increase (decrease) in customer deposits	-	(10,847)
Total adjustments	246,995	238,030
Net cash provided (used) by operating activities	$ 9,946	$ (952)

1. SUMMARY OF SIGNIFICANT ACCOUTING POLICIES

The Shawnee Civic and Cultural Development Authority of the City of Shawnee, County of Pottawatomie, State of Oklahoma (the Authority), was created January 5, 1976 under the provisions of Title 60, O.S. 2001, Sections 176-180.4 inclusive, to acquire by lease and to operate, regulate, and administer all physical properties, real or personal which shall be of public use or of civic and/or cultural benefit or incident to carrying out an authority or proper function of the City of Shawnee. The Authority is exempt from federal and state income taxes.

The Authority, by virtue of common control and dependence, is a component unit of the City of Shawnee, Oklahoma. The governing body consists of seven members; the City Manager of the City of Shawnee, two residents of Pottawatomie County appointed by the Commissioners of Pottawatomie County, and four citizens representing the general public appointed by the Mayor of Shawnee and approved by the Authority's Trustees. The financial activities of the City of Shawnee and its other component units are not included in the financial statements of the Authority.

The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The presentation of comparative financial statements enhances the usefulness of such reports and brings out more clearly the nature and trends of current changes affecting the entity. Such presentation emphasizes the fact that statements for a series of periods are far more significant than those for a single period and that the accounts for one period are but an installment of what is essentially a continuous history.

The more significant of the Authority's accounting policies are described below.

A. Reporting Entity

The Authority is an independent, self-contained reporting entity with no associated component units. It is operated in a manner similar to a private business enterprise where the cost (expenses, including depreciation) of promoting civic and cultural development in Shawnee is funded by facility rentals, events, and contributions from the City of Shawnee.

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) promulgated in the United States of America. The accounting and financial reporting treatment is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation are included on the balance sheet. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Depreciation expense is provided for capital assets based upon estimated useful lives.

1. SUMMARY OF SIGNIFICANT ACCOUTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity

1. Deposits and Investments

Oklahoma Statutes authorize the Authority to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the Authority can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law.

Bank deposits are held at four financial institutions and are carried at cost. For purposes of statements of cash flows, the Authority considers cash and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

2. Fair Value of Financial Instruments

The Authority's financial instruments include cash and cash equivalents, accounts receivable, and accounts payable. The Authority's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial condition. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

3. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

4. Capital Assets

Additions to the buildings and equipment are recorded at cost or, if contributed property, at their estimated acquisition value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. It is the Authority's policy to capitalize property and equipment over $1,000. Lesser amounts are expensed.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Equipment	5-20 years
Office furniture and equipment	5-10 years

1. SUMMARY OF SIGNIFICANT ACCOUTING POLICIES (CONTINUED)

5. Net Position

In the basic financial statements, net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, granters, laws, or other governments.

6. Resource Use Policy

It is in the Authority's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including net positions, are available, the Authority considers restricted amounts to be spent first before any unrestricted amounts are used.

2. DEPOSITS AND INVESTMENTS

Custodial Credit Risk

At December 31, 2021, the Authority held deposits of approximately $39,550 at financial institutions. The Authority's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the Authority or by its agent in the Authority's name.

Investment Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The Authority has no policy that limits its investment choices other than the limitation of state law as follows:

- **a.** Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- **b.** Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- **c.** With certain limitations, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.

e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.

f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

Concentration of Investment Credit Risk

The Authority places no limit on the amount it may invest in any one issuer. The Authority has the following credit risk: 100% in Checking Accounts ($39,550).

3. CAPITAL ASSETS

The following is a summary of changes in property, plant, and equipment.

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
Buildings	$ 11,152,878	$ -	$ -	$ 11,152,878
Equipment	989,405	-	-	989,405
Total	12,142,283	-	-	12,142,283
Less accumulated depreciation	(8,335,198)	(246,995)	(1)	(8,582,194)
Net	$ 3,807,085	$ (246,995)	$ (1)	$ 3,560,089

	Balance December 31, 2019	Additions	Deletions	Balance December 31, 2020
Buildings	$ 11,152,878	$ -	$ -	$ 11,152,878
Equipment	989,405	-	-	989,405
Total	12,142,283	-	-	12,142,283
Less accumulated depreciation	(8,086,516)	(248,682)	-	(8,335,198)
Net	$ 4,055,767	$ (248,682)	$ -	$ 3,807,085

Depreciation expense for the twelve months ended December 31, 2021 and 2020 totaled $246,995 and $248,682, respectively.

4. NOTES PAYABLE

Note payable - John Deere	$ 12,280
Total	12,280
Less current maturities	(12,280)
	$ -

Note payable to John Deere Financial due November 2022; payable monthly at $1,037 including principal and interest payable at 4.3%. The note is secured by the equipment purchased.

5. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority continues to carry commercial insurance for these risks, including general liability, property damage, and public officials' liability.

6. DEFINED BENEFIT PLAN – OKLAHOMA MUNICIPAL RETIREMENT FUND

The employees of the Authority are considered employees of the City of Shawnee and are reported as such. The City of Shawnee contributes to the OMRF for all eligible employees of the Authority. The plan is an agent multiple employer- defined benefit plan administered by OMRF. The OMRF plan issues a separate financial report and can be obtained from OMRF website: www.okmrf.org/reports.html. Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

The City Council has the authority to set and amend contribution rates by ordinance for the OMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. Employees cannot contribute to the plan in accordance with the plan provisions adopted by the City Council.

Since the Authority's employees are included within the City of Shawnee, no provision for pension liability is reported within the financial statements of the Authority.

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events and transactions through the date of the audit report, which is the date the financial statements are available to be issued. No items of significance were determined.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of the Shawnee Civic and Cultural Development Authority
of the City of Shawnee, County of Pottawatomie, State of Oklahoma

We have audited, in accordance with the 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, the financial statements as listed in the table of contents of the Shawnee Civic and Cultural Development Authority of the City of Shawnee, County of Pottawatomie, State of Oklahoma (the "Authority"), a component unit of the City of Shawnee, Oklahoma, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated Month XX, 2023, which contained an *Emphasis of Matter* paragraph regarding the financial position of the City of Shawnee, Oklahoma and an *Other Matter* paragraph regarding other auditors in the previous year and a paragraph regarding the omission of required supplementary information.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying exhibit, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Edmond, Oklahoma

Month XX, 2023