AGENDA
SHAWNEE CIVIC AND CULTURAL DEVELOPMENT AUTHORITY
MAY 18, 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. Consideration of approval of the Minutes from the March 16, 2023 regular meeting.
2. Presentation of the 2021 Audit by Arledge and Associates, P.C.
3. Update regarding the International Finals Youth Rodeo 2023.
4. Public Comments
5. Trustee Comments
6. Adjournment

Respectfully submitted,

Kacie Eck, CMC
Senior 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)

DRAFT

SHAWNEE CIVIC AND CULTURAL DEVELOPMENT AUTHORITY PROCEEDINGS

MARCH 16, 2023 AT 12:30 PM

The Shawnee Civic and Cultural Development Authority of the City of Shawnee, County of Pottawatomie, State of Oklahoma, met in Regular Session in the Commission Chambers at City Hall, 16 West 9th Street, Shawnee, Oklahoma on, Thursday, March 16, 2023 at 12:30 PM, pursuant to notice duly posted as prescribed by law at 11.34 a.m. on March 15, 2023. Chairman Gilbert presided and called the meeting to order. Upon roll call, the following members were in attendance.

Randy Gilbert Chairman	
Andrea Weckmueller-Behringer Secretary	Tim Barrick Trustee
Carl Packwood Trustee	Absent Trustee
Vacant Trustee	
ABSENT: Lance Wortham	

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.

Chairman Gilvert explained that City Commissioner Sehorn has been selected by the City of Shawnee Board of City Commissioners to replace former City Commissioner Salter on the mediation committee.

2. Discussion regarding the 2021 Shawnee Civic and Cultural Development Authority Audit.

Chairman Gilvert explained that the audit information has been received. He stated the final audit report will be presented at the April SCCDA meeting. Chairman Gilbert further explained that the SCCDA received an unmodified audit opinion.

3. Update regarding the International Finals Youth Rodeo 2023.

Chairman Gilbert expressed his appreciation to Mr. Dale Yerigan and the International Professional Rodeo Association (IPRA) for their efforts regarding the 2023 International Finals Youth Rodeo (IFYR).

Mr. Yerigan provided updates on the IFYR website and 2023 IFYR sponsorships. He explained that entries for the 2023 IFYR will open on April 1, 2023.

TRUSTEE WORTHAM ARRIVED AT 12:49 P.M.

TRUSTEE PACKWOOD LEFT THE MEETING AT 12:49 P.M.

Mr. Yerigan spoke regarding the 2023 IFYR setup blueprints.

TRUSTEE PACKWOOD RETURNED AT 12:50 P.M.

4. Public Comments

Mr. Rob Morris spoke during Public Comments.

5. Trustee Comments

Chairman Gilbert thanked various entities and individuals for their commitment to the 2023 IFYR.

6. Adjournment

There being no further action to be considered, a motion was made by Trustee Packwood, Seconded by Trustee Wortham, that the meeting be adjourned. Motion carried 5-0. (12:54 p.m.)

AYE: Packwood, Wortham, Barrick, Gilbert, Weckmueller-Behringer
NAY: None

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RANDY GILBERT,
CHAIRMAN

ANDREA WECKMUELLER-
BEHRINGER,
SECRETARY

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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Arledge
certified public accountants

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 March 10, 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 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.

Arledge & Associates, P.C

Edmond, Oklahoma

March 10, 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:		
Capital assets, net of accumulated depreciation	3,560,089	3,807,085
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	2,123	1,141
Rodeo expense	637,603	79
Depreciation	246,996	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	(650,014)	(10,559)
Net cash provided (used) by operating activities	9,947	(952)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from City of Shawnee	12,709	13,446
Principal paid on debt	(10,153)	(11,213)
Interest paid on debt	(634)	(1,233)
Net cash provided in capital and related financing activities	1,922	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	246,996	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	246,996	238,030
Net cash provided (used) by operating activities	$ 9,947	$ (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 Generally Accepted Accounting Principles (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 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. Revenue and Expenses

Revenue is recognized when all applicable eligibility requirements, including time requirements are met. Resources received by the Authority before the eligibility requirements are met are reported as unearned revenue.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority principal ongoing operations. The principal operating revenues of the Authority are events. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

7. 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.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

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.
- **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)	(246,996)	-	(8,582,194)
Net	$ 3,807,085	$ (246,996)	$ -	$ 3,560,089

3. CAPITAL ASSETS (CONTINUED)

	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 $246,996 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.

6. DEFINED BENEFIT PLAN – OKLAHOMA MUNICIPAL RETIREMENT FUND (CONTINUED)

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 that required disclosure identified.

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 March 10, 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 a separate report, 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.

Arledge & Associates, P.C.

Edmond, Oklahoma

March 10, 2023

March 10, 2023

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

We have audited the financial statements of the business-type activities of the Shawnee Civic and Cultural Development Authority of the City of Shawnee, County of Pottawatomie, State of Oklahoma (the "Authority") for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 18, 2022. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Findings</u>

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended December 31, 2021.

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. No estimates of significance were determined.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. No financial statement disclosures were determined to be particularly sensitive to users of the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No uncorrected misstatements were noted during our audit. The schedule of corrected misstatements are attached.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 10, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. The Authority has employed Finley and Cook, PLLC. as consultants for the Authority. To our knowledge there were no consultations with Finley and Cook, PLLC or other accountants which could affect our opinions on the Authority's financial statements.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. There were no findings identified during the audit and is communicated in the 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*. Please see the identified significant deficiencies noted during the audit communicated to the Board of Trustees of the Authority.

Restriction on Use

This information is intended solely for the information and use of members of the Authority Council and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Arledge & Associates, P.C

Arledge & Associates, P.C.

Arledge
certified public accountants

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

In planning and performing our audit of the statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows 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, in accordance with auditing standards generally accepted in the United States of America, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in internal control to be significant deficiencies:

- ***Cash Disbursements: Sequential, Numerical Check Control*** – While conducting cash and accounts payable testing, we noted there were three missing numbered checks which resulted in a gap between the last check written in fiscal year 2021 and the first check written in fiscal year 2022 as checks numbers were out sequence because of the gaps. Gaps in the sequence of the check register result in a certain loss of control over the cash disbursement process and the possibility that a check disbursement might not be properly recorded and or accounted for. All checks should be retained and accounted for in numerical sequence. Cash disbursements control procedures should be designed to be practicable and to provide reasonable assurance that no unauthorized payments are made, and payments are accurately recorded. These controls include accounting for the sequential ordering of checks as they are released for use, prior to preparation. We recommend that strict numerical control be kept over all checks issued and that checks be issued in sequence as much as possible.

- ***Fixed Asset Schedules*** – During the audit, we noted fixed asset schedules were not being appropriately maintained with respect to activity during the year. Additions, disposals, depreciation, and accumulated depreciation were not tracked accurately to present a final fiscal year 2021 balance. We recommend that the Authority establish controls surrounding the tracking of fixed asset schedules and subsequent review of any changes made throughout the year. Additionally, we recommend implementing and enforcing written policies documenting expectations and procedures that outline the process of accounting for fixed asset activity during the year.

- ***Note Payable Schedules*** – During the audit, we noted note payable schedules were not being appropriately maintained with respect to activity during the year. Payments on the note were not timely or tracked accurately to present a final fiscal year 2021 balance. We recommend that the Authority establish controls surrounding the tracking of the note payable schedules and subsequent review of any changes made throughout the year. Additionally, we recommend implementing and enforcing written policies documenting expectations and procedures that outline the process of accounting for note payable activity during the year.

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

Arledge & Associates, P.C

Edmond, Oklahoma

March 10, 2023