

TAHLEQUAH EDUCATIONAL FACILITIES AUTHORITY
FINANCIAL STATEMENTS
JUNE 30, 2022

TAHLEQUAH EDUCATIONAL FACILITIES AUTHORITY

June 30, 2022

Table of Contents

	Page
MANGEMENT'S DISCUSSION AND ANALYSIS	1
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS	
Statement of Net Position	5
Statement of Revenue, Expense and Change in Net Position	6
Statement of Cash Flows	7
NOTES TO THE FINANCIAL STATEMENTS	8
INDEPENDENT AUDITOR REPORT ON INTERNAL CONTROL OVER FIANNCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF COMBIEND FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	15

Management's Discussion and Analysis

TAHLEQUAH EDUCATIONAL FACILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

This discussion and analysis of the Tahlequah Educational Facilities Authority (Authority) financial statements provides an overview of the Authority's financial activities for the year ended June 30, 2022. Management has prepared the financial statements and related footnote disclosures along with the discussion and analysis.

Financial Highlights

Total assets for the Authority was \$4,000,662, total liabilities are \$3,938,685 which results in a net position of \$61,977.

Using This Annual Report

The Authority's financial statements consist of three basic statements - a Statement of Net Position, a Statement of Revenue, Expenses, & Changes in Net Position, and a Statement of Cash Flows. These financial statements and related notes provide information about the activities of the Authority.

The Statement of Net Position and Statement of Revenue, Expenses, and Changes in Net Position.

One of the most important questions asked by the Authority's finances is, "Is the Authority as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenue, Expenses, and Changes in Net Position report information about the Authority's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. The governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for the capital maintenance, public policy, management control, accountability, or other purposes.

These two statements report the Authority's net position and changes in them. You can think of the Authority's net position - the difference between assets and liabilities - as one way to measure the Authority's financial health, or financial position. Over time, increases or decreases in the Authority's net position is one indicator of whether its financial health is improving or deteriorating.

The Statement of Cash Flows

The final required statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as, "Where did cash come from?" "What was it used for?" and "What was the change in cash balance during the reporting period?"

TAHLEQUAH EDUCATIONAL FACILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

The Authority's Net Position

The Authority's net assets are the difference between its assets and liabilities reported on the Statement of Net Position. The Authority's net position in 2022 was \$61,976.42.

Operating Income and Losses

The first component of the overall change in the Authority's net position is its operating income. The Authority reported a net operating income in 2022 of \$8,077.45.

Non-operating Revenue and Expenses

The total non-operating revenue is \$56.82 for 2022 resulting in a combined increase in net position of \$8,134.27 for 2022.

Capital Assets

At the end of 2022, the Authority did not have any capital assets.

Contacting the Authority's Financial Management

This financial statement is designed to provide management, taxpayers, and creditors with a general overview of the Authority's finances. If you have questions about this report or need additional information, contact Tahlequah Educational Facilities Authority, 111 S. Cherokee, Tahlequah, Oklahoma, 74464.

Audit Report

DREW KIMBLE
Certified Public Accountant

**104 S. Muskogee Ave
Tahlequah, OK 74464
(918) 575 - 1873**

INDEPENDENT AUDITOR'S REPORT

November 28, 2022

Board of Trustees
Tahlequah Educational Facilities Authority

Opinions

We have audited the accompanying financial statements of the business-type activities of Tahlequah Educational Facilities Authority (the Authority), a component unit of the City of Tahlequah, Oklahoma, as of and for the years ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the business-type activities of the Tahlequah Educational Facilities Authority, a component unit of the City of Tahlequah, State of Oklahoma, as of June 30, 2022, and the changes in financial position and cash flows thereof for the years then ended in conformity 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.

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, and 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.

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.

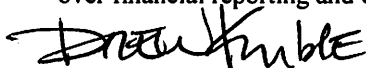
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 28, 2022, on our consideration of the Tahlequah Educational Facilities 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 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 Tahlequah Educational Facilities Authority's internal control over financial reporting and compliance.



Drew Kimble, CPA

Financial Statements

TAHLEQUAH EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS

CURRENT ASSETS

Cash	\$	6,625	
Federal Treasury Obligation Fund - Bond A		145,586	
Current Amount Receivable on Capital Lease Purchase		3,848,374	
Prepaid Expense		78	
Total Current Assets			\$ 4,000,662

NON CURRENT ASSETS

Non-current Amount Receivable on Capital Lease Purchase	\$	-	
Total Non Current Assets			-

Total Assets			\$ 4,000,662
--------------	--	--	--------------

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accrued Interest Payable	\$	58,685	
Current Maturities of Long-Term Debt		3,880,000	
Total Current Liabilities			\$ 3,938,685

LONG-TERM DEBT, NET

Bonds Outstanding-Series A	\$	-	
Total Long Term Debt			-

Total Liabilities			3,938,685
-------------------	--	--	-----------

NET POSITION

Restricted Net Position	\$	61,977	
Total Net Position			61,977

Total Liabilities and Net Position			\$ 4,000,662
------------------------------------	--	--	--------------

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

**TAHLEQUAH EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Revenues:

Tahlequah Public Schools Rental Payment	\$	28,237
Annual Sublease Payment		-
Total Operating Income	\$	28,237

Expenditures:

Salaries and Payroll Tax	\$	8,459
Professional Fees		7,200
Bank Fees		4,500
Total Operating Expenses	\$	20,159

Operating Income (Loss)	\$	8,077
--------------------------------	-----------	--------------

Non-Operating Income (Expense):

Dividends	\$	57
Annual Sub-Lease Payment to Tahlequah Ed Facil Auth		-
Total Non-Operating Income (Expense)	\$	57

Change in Net Position	\$	8,134
-------------------------------	-----------	--------------

Net Position, Beginning of Year		53,843
--	--	--------

Net Position, End of Year	\$	61,977
----------------------------------	-----------	---------------

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

TAHLEQUAH EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities

Net Income

Net Income (Loss) \$ 8,134

Total Net Income 8,134

Adjustments to Net Income

Adjustments to reconcile Net Income (Loss) to Net Cash:

Capital Lease Purchase Receivable	(1,319,224)
Federal Treasury Bond A	(7,917)
Accrued Interest Payable	(33,930)
Current Maturities of Long Term Debt	1,560,000
Prepaid Payroll Liabilities	<u>(77)</u>

Net Cash Provided By (Used in) Operating Activities 206,987

Cash Flows from Investing Activities

Non Current Capital Lease Purchase 3,679,577

Net Cash Provided By (Used in) Investing Activities 3,679,577

Cash Flows from Financing Activities

Bonds Outstanding Series A (3,880,000)

Net Cash Used in Capital and Related Financing Activities (3,880,000)

Net Increase (Decrease) in Cash 6,564

Cash at Beginning of Period 61

Cash at End of Period \$ 6,625

Notes to Financial Statements

TAHLEQUAH EDUCATIONAL FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1: Description of Reporting Entity and Summary of Significant Accounting Policies

Report Entity

The Tahlequah Educational Facilities Authority (the Authority) is a public trust created on September 21, 2009, under the provisions of Title 60, Oklahoma Statutes 2001, Sections 176 to 180.4, inclusive, as amended and supplemented, the Oklahoma Trust Act, and other applicable laws and statutes of the State of Oklahoma. The City of Tahlequah, Oklahoma, is the beneficiary, and will receive all residual trust funds and assets upon termination of the trust.

The general purposes of this Trust are to assist the Beneficiary, the State of Oklahoma, its governmental agencies, and the private entities, agencies and citizens in making the most efficient use of all of their economic resources and powers in accordance with the needs and benefits of the Beneficiary in order to:

- Lessen the burdens on government and to stimulate educational growth and development
- To promote the educational well-being of the Beneficiary by improving available resources, increasing meaningful job opportunities, promoting entrepreneurship and capital investment, while maintaining the Beneficiary's quality of life.
- Inventory the educational services, facilities and resources of the entire Beneficiary
- Promote, stimulate, encourage and finance the growth and development of education of the Beneficiary as a whole, all in order to achieve maximum utilization of the Beneficiary's human, economic, recreational, natural resources and tourist attractions
- Foster and promote the Beneficiary and to otherwise promote its general economic welfare and prosperity, and to finance any and all programs, facilities or resources promoting or intending to promote any of the foregoing.

The Authority is considered a component unit of the City of Tahlequah, and its financial information is included in the General Purpose Financial Statements of the City of Tahlequah each year.

The Trustees of this Trust shall be the Mayor and the four members of the City Council of the Beneficiary, such City Council being the governing Board of the City of Tahlequah and hereafter called "Governing Board"

The Mayor of the City shall serve as the Chairman of the Trustees and shall preside at all meetings.

Proprietary Fund Accounting

The Authority uses the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis. The governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Accounting Standards

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

TAHLEQUAH EDUCATIONAL FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

The Authority is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets, business interruption; errors and omissions, employee injuries and illnesses, and natural disasters. To cover exposure of these risks, the Authority is listed as an Additional Named Plan Member on the City of Tahlequah's municipal liability protection plan. The Authority does not carry insurance separately under its own name. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Cash Equivalents

The Authority considers all liquid investments which have original maturities of three months or less to be cash equivalents.

Property and Equipment

The Authority has no property or equipment as of June 30, 2022.

Income Taxes

The Authority is exempt from federal income taxes under Section 115 of the Internal Revenue Code as a political subdivision of the State of Oklahoma and is exempt from state income taxes under a similar provision of Oklahoma State Statutes.

Budgets

Under Title 60, Section 176(g) Public Trusts created pursuant to this section shall file annually, with their respective Beneficiaries copies of financial documents and reports sufficient to demonstrate the fiscal activity of such trust, including, but not limited to, budgets, financial reports, bond indentures and audits. Amendments to the adopted budget shall be approved by the trustees of the public trust and recorded as such in the official's minutes of such trust.

Note 2: Cash and Investments

The Authority operated one checking account at BancFirst, Tahlequah, Oklahoma. The checking account pays no interest. As of June 30, 2022, the balance was \$6,624.94.

Bond Funds are held in accounts at BancFirst, Oklahoma City, Oklahoma. The following accounts were established according to the Bond Indenture:

- Improvement Fund – As of June 30, 2022, the balance is \$145,586.47

**TAHLEQUAH EDUCATIONAL FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

Deposits

The Authority's cash deposits as of June 30, 2022, are categorized to give an indication of the level of risk assumed by the Authority at year end as follows:

Deposit Categories of Credit Risk

- A. Insured or collateralized with securities held by the Authority or by its agent in the Authority's name.
- B. Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.
- C. Uncollateralized

	Category			Bank	Carrying	Market
	(A)	(B)	(C)	Balance	Amount	Value
BancFirst Tahlequah	\$ 6,624.94		\$ -	\$ 6,624.94	\$ 6,624.94	\$ 6,624.94
BancFirst OKC		\$ 145,586.47		\$ 145,586.47	\$ 145,586.47	\$ 145,586.47
Total	\$ 6,624.94	\$ 145,586.47	\$ -	\$ 152,211.41	\$ 152,211.41	\$ 152,211.41

Note 3: Receivable on Capital Lease Purchase

This is the remaining amount unpaid of the capital lease purchase by Tahlequah Public Schools.

Note 4: Fixed Assets

There are no fixed assets as of June 30, 2022.

Note 5: Long-Term Debt

Tahlequah Educational Facility Authority (The Authority)
Educational Facilities Lease Revenue Bonds
(Tahlequah Public Schools Project)

Build America Bonds Direct Payment Series 2009A (Federally Taxable)	\$14,000,000
Non Build America Bonds (Federally Taxable) Series 2009B	\$ -0-

The bonds were issued pursuant to an indenture dated as of September 1, 2009, between the Authority and the Trustee (BancFirst, OKC), for the purpose of providing funds to Independent School District No. 35 (the District), Cherokee County, Oklahoma for the purpose of paying the costs of equipping, repairing and remodeling of school buildings, acquiring school furniture, fixtures and equipment and acquiring and improving school sites; funding capitalized interest; and paying costs of issuance.

TAHLEQUAH EDUCATIONAL FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The bonds do not constitute obligations, legal or moral, or debts, general or special, of the State of Oklahoma or any political subdivision thereof, of the District, or personal obligations of the Trustees of the Authority or general obligations of the Authority, but shall be a limited obligation of the Authority secured to the extent provided in the Indenture by the assignment of the Trust Estate to the Trustee. Neither the faith and credit nor the taxing power of the State of Oklahoma, or of any political subdivision thereof, or of the District shall be pledged to the payment of the principal or interest on the bonds. The Authority has no taxing power.

Current maturity of principal and interest for the next five years, under the indebtedness listed above, is as follows:

June 30,	Principal	Interest
2023	\$3,880,000	\$117,370
Total	\$3,880,000	\$117,370

Revenue includes regular Lease Rental Payments, Lease Purchase Acquisition Payments, and Federal Interest Subsidy payments on the Series 2009A Bonds

Interest earnings are deposited to the Debt Service Fund.

Note 6: Other Schedules and Documents

All schedules and documents pertaining to the Tahlequah Educational Facilities Authority Educational Facilities Lease Revenue Bonds may be found in the office of the Authority located at 111 South Cherokee, Tahlequah, Oklahoma.

Note 7: Concentration of Risk

The Authority has no formal source of income. The Authority will receive annually a sublease payment from Tahlequah Public Schools which is 1/20 of 1% of the outstanding principal on the Bonds on each anniversary date of the sublease.

Note 8: Employee Benefits

The Authority has employees who are also employed by the City of Tahlequah and are paid to perform the Authority's record keeping. The employees are covered by the City's health, retirement, and worker's compensations plans. These benefits are not currently paid by the Authority and no amounts are recorded in the financial statements for these amounts. The employee's FICA and Medicare withholding are matched by the Authority.

Note 9: Commitments and Contingencies

The Authority has sufficient insurance coverage and/or tort immunity in effect to protect the Authority from any material loss or liability due to pending claims or litigation. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts if any, to be immaterial.

Other Reports

DREW KIMBLE
Certified Public Accountant

104 S. Muskogee Ave
Tahlequah, OK 74464
(918) 575 - 1873

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 Directors
Tahlequah Educational Facilities Authority

I 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 accompanying financial statements of the Tahlequah Educational Facilities Authority (the Authority), as of and for the year ended June 30, 2022, a component unit of the City of Tahlequah and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated November 28, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Authority's internal control over financial reporting (internal control) as a basis for designing the auditing procedures that are appropriate in the circumstances for purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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

My 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my 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.

November 28, 2022

A handwritten signature in black ink that reads "Drew Kimble". The signature is written in a cursive, slightly stylized font.

Drew Kimble, CPA