

**TAHLEQUAH PUBLIC FACILITIES AUTHORITY
FINANCIAL STATEMENTS
JUNE 30, 2020**

TAHLEQUAH PUBLIC FACILITIES AUTHORITY

June 30, 2020

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MANAGEMENTS DISCUSSION AND ANALYSIS

**TAHLEQUAH PUBLIC FACILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2020

This discussion and analysis of the Tahlequah Public Facilities Authority (Authority) financial statements provides an overview of the Authority's financial activities for the year ended June 30, 2020. Management has prepared the financial statements and related footnote disclosures along with the discussion and analysis.

Financial Highlights

Total assets for the Authority was \$11,771,107.05, total liabilities are \$16,910,584.55 which results in a net position of -\$5,139,477.50.

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 PUBLIC FACILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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 2020 was -\$5,139,477.50.

Operating Income and Losses

The first component of the overall change in the Authority's net position is its operating profit. The Authority reported a net operating profit in 2020 of \$2,559,652.21.

Non-operating Revenue and Expenses

The total non-operating loss is \$654,018.90 for 2020, resulting in a combined increase in net position of \$1,905,633.31 for 2020.

Capital Assets

At the end of 2020, 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

Board of Trustees
Tahlequah Public Facilities Authority
Tahlequah, Oklahoma

I have audited the accompanying financial statements of the Tahlequah Public Facilities Authority, a component unit of the City of Tahlequah, State of Oklahoma, as of June 30, 2020, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business type activities of the Tahlequah Public Facilities Authority, a component unit of the City of Tahlequah, State of Oklahoma, as of June 30, 2020 and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 reporting for placing the basic financial statements in an appropriate operational, economic, or 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*, I have also issued my reported dated November 2, 2020, on my consideration of the Tahlequah Public Facilities Authority internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Tahlequah Public Facilities Authority internal control over financial reporting and compliance.

November 2, 2020



Drew Kimble, CPA

FINANCIAL STATEMENTS

TAHLEQUAH PUBLIC FACILITIES AUTHORITY
STATEMENT OF NET POSITION
June 30, 2020

ASSETS

CURRENT ASSETS

Cash-BancFirst Tahlequah	\$	14,440	
Cash-Armstrong Bank Tahlequah		3,247,401	
Federal Treasury Obligation Fund - Bond A		523,550	
Federal Treasury Obligation Fund - Bond B		9	
Federal Treasury Obligation Fund - Improvement Fund		4,913,638	
Federal Treasury Obligation Fund - Reserve Fund		379,434	
United States Treasury Notes		2,434,523	
Accounts Receivable		<u>258,112</u>	
Total Current Assets			<u>\$ 11,771,107</u>
Total Assets			<u><u>\$ 11,771,107</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$	130,435	
Current Maturities of Long-Term Debt		<u>1,455,000</u>	
Total Current Liabilities			\$ 1,585,435

LONG-TERM DEBT, NET

Bonds Outstanding-Series A	\$	6,736,534	
Bonds Outstanding-Series B		<u>8,588,616</u>	
Total Long Term Debt			<u>15,325,150</u>
Total Liabilities			\$ 16,910,585

NET POSITION

Restricted Net Position	\$	<u>(5,139,478)</u>	
Total Net Position			<u>(5,139,478)</u>
Total Liabilities and Net Assets			<u><u>\$ 11,771,107</u></u>

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

TAHLEQUAH PUBLIC FACILITIES AUTHORITY
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

Revenues:

Annual Administrative Fees	\$ 18,010
Sales Tax Revenue (.75%) Transferred from COT	2,558,454
Total Operating Income	\$ 2,576,464

Expenditures:

Salaries and Wages	\$ 6,489
FICA & Medicare Expense	363
Bank Fees	4,500
Professional Fees	5,459
Total Operating Expenses	\$ 16,811

Operating Income (Loss)	\$ 2,559,652
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Non-Operating Income (Expense):

Dividends	\$ 74,712
Interest Income	80,927
Accrued Interest Paid on Investment	(708,324)
City of Tahlequah Capital Expenditures	(83,324)
Miscellaneous Costs	-
Annual Administrative Fee to Tahlequah Public Facilities Auth	(18,010)
Total Non-Operating Income (Expense)	\$ (654,019)

Change in Net Position	\$ 1,905,633
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Net Position, Beginning of Year	(7,045,111)
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Net Position, End of Year	\$ (5,139,478)
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The accompanying notes and audit report are a integral part of these financial statements

**TAHLEQUAH PUBLIC FACILITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

Cash Flows from Operating Activities

Net Income

Net Income (Loss) \$ 1,905,633

Total Net Income 1,905,633

Adjustments to Net Income

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

(Increase) Decrease in:

Accounts Receivable. (48,816)

(Increase) Decrease in:

Payroll Liabilities 63

Net Cash Provided By (Used in) Operating Activities 1,856,880

Cash Flows from Investing Activities

Net Cash Provided By (Used in) Investing Activities -

Cash Flows from Financing Activities

Federal Treasury Bond A (18,378)

Federal Treasury Bond B 3,170

Federal Treasury Reserve Fund 47,605

Federal Treasury Improvement Fund (75,587)

Accrued Interest Payable 130,372

Unamortized Premium on Bonds 120,150

Current Maturities of LTD 105,000

Bonds Outstanding Series A (1,506,534)

Bonds Outstanding Series B (68,616)

Restricted Net Position -

Net Cash Used in Capital and Related Financing Activities (1,262,818)

Net Increase (Decrease) in Cash 594,062

Cash at Beginning of Period

Armstrong Bank 2,841,091

BancFirst 26,689

Cash at End of Period \$ 3,261,841

Presentation of Cash Balances, June 30, 2020

Armstrong Bank 3,247,401

BancFirst 14,440

Cash at End of Period \$ 3,261,841

The accompanying notes and audit report are a integral part of these financial statements

NOTES

TAHLEQUAH PUBLIC FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

Report Entity

The Tahlequah Public Facilities Authority (the Authority) is a public trust created on February 7th, 2013 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 public growth and development
- To promote the public 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 public 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 PUBLIC FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020.

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 two checking accounts. BancFirst and Armstrong Bank, both located in Tahlequah, Oklahoma. The account at BancFirst bank pays no interest on account balances and Armstrong Bank pays .5% interest on account balance. As of June 30, 2020 the bank balance at BancFirst was \$14,439.97 and Armstrong Bank was \$3,247,400.92.

**TAHLEQUAH PUBLIC FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

- Improvement Fund - Account Number 80-0265-04-3 with a balance on June 30, 2020 of \$4,916,637.91 in Federated Treasury Obligations Series Class #398
- Debt Service Fund (Series A) – Account Number 80-0265-01-9 with a balance on June 30, 2020 of \$523,549.55 in Federated Treasury Obligations Series Class #398
- Debt Service Fund (Series B) – Account Number 80-0265-02-7 with a balance on June 30, 2020 of \$9.10 in Federated Treasury Obligations Series Class #398
- Reserve – Account Number 80-0265-03-5 with a balance on June 30, 2020 of \$379,434.05 in Federated Treasury Obligations Series Class #398 and \$2,434,523 in US Treasury Notes dated 02/15/2013

Deposits

The Authority's cash deposits as of June 30, 2020, 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 Balance	Carrying Amount	Market Value
	(A)	(B)	(C)			
BancFirst, Tahlequah	\$ 14,440	\$ -	\$ -	\$ 14,440	\$ 14,440	\$ 14,440
Armstrong Bank, Tahlequah	3,247,401	-	-	3,247,401	3,247,401	3,247,401
BancFirst, OKC	-	8,251,154	-	8,251,154	8,251,154	8,251,154
TOTAL	\$ 3,261,841	\$ 8,251,154	\$ -	\$ 11,512,995	\$ 11,512,995	\$ 11,512,995

Note 3: Fixed Assets

There are no fixed assets as of June 30, 2020.

Note 4: Long-Term Debt

A resolution was adopted by the City Council of the City on November 5, 2012 calling for an election to be held on January 8, 2013, a majority of the qualified voters of the City voting at said election approved the levy of a sales tax at a rate equal to three-quarters of one percent on all sales with the City to provide revenues to fund certain municipal capital improvements and additions to facilities with the city and to pay certain financing costs relating thereto.

The collection of revenues from the imposition of such sales tax is to begin on April 1, 2013 and continue for 15 years or until any debt issued in connection with the improvements has been satisfied, whichever occurs earlier.

**TAHLEQUAH PUBLIC FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

The city has requested that the authority issue its Sales Tax Revenue Bonds, Series 2013A and Series 2013B in an original aggregate principal amount not to exceed \$25,000,000 for the purposes of paying the costs of the improvements, funding capitalized interest in connection with the bonds and paying costs associated with the issuance of the bonds.

The bonds are being issued pursuant to a sales tax pledge and financing agreement dated as of the 1st day of April, 2013 by and between the Tahlequah Public Facilities Authority and the City of Tahlequah. In consideration for the Authority's issuance of the bonds, the City has agreed to levy, pledge and appropriate the Sales Tax Revenues to the Authority pursuant to this sales tax agreement for purposes of paying and securing the bonds and to agree to certain other covenants contained in the agreement.

The Series 2013A & 2013B bonds shall not constitute obligations, legal or moral, or debts, general or special, of the State of Oklahoma or any political subdivision thereof, of the City of Tahlequah, Oklahoma, or personal obligations of the Trustees of the issuer or general obligations of the issuer, but shall be limited and special obligations of the issuer secured by and payable solely from the trust estate, neither the faith and credit nor the taxing power of the State of Oklahoma, or of any political subdivision thereof, or of the City of Tahlequah, Oklahoma, shall be pledged to the payment of the principal or interest on the Series 2013A & 2013B bonds. The Issuer has no taxing power.

The bonds were issued at a Premium of \$217,432 this amount is added to the amount of the bonds and shown as a long term liability and will be reduced over the life of the bonds as an increase to interest expense.

Current maturity of principal and interest for both 2013A & 2013B for the next five years, under the indebtedness listed above, is as follows:

June 30,	Principal	Interest	Premium Increase	Final Interest
2021	\$1,455,000	\$521,494	\$16,213	\$537,707
2022	\$1,535,000	\$481,753	\$16,213	\$497,966
2023	\$1,615,000	\$443,381	\$16,213	\$459,594
2024	\$1,720,000	\$385,219	\$16,213	\$401,432
2025-2028	\$10,335,000	\$1,585,116	\$55,298	\$1,640,414
Total	\$16,660,000	\$3,416,963	\$120,150	\$3,537,113

OTHER REPORTS

**TAHLEQUAH PUBLIC FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Note 5: Other Schedules and Documents

A resolution was adopted by the City Council of the City on November 5, 2012 calling for an election to be held on January 8, 2013, a majority of the qualified voters of the City voting at said election approved the levy of a sales tax at a rate equal to three-quarters of one percent on all sales with the City to provide revenues to fund certain municipal capital improvements and additions to facilities the total cost for all projects was projected to be \$21,112,339 the cost of projects to date are as follows.

<u>Project</u>	<u>Cost to Date</u>
NSU EVENT CENTER	\$ 1,500,000
FIRE ENGINE AND EQUIPMENT	516,387
POLICE TECHNOLOGY	845,576
CALLOUT/SIRENS	80,331
TRAFFIC AND PEDESTRIAN SAFETY	90,918
SPORTS COMPLEX PHASE 2	1,495,576
PHEONIX RENOVATION	98,475
GREENBELT DEVELOPMENT	732,864
CNG TRUCK CONVERSION	750,902
SWIMMING POOL	2,403,855
LIBRARY IMPROVEMENTS	399,885
WEST SIDE ARMORY AND CITY	1,339,436
EAST FOURTH STREET (BRIDGE TO BYPASS)	398,475
TRANSFER TO GRANT ACCOUNTS	488,665
SOUTH MUSKOGEE (4TH TO BYPASS)	173,858
NORTH GRAND (NORTH TO ALLEN)	75,435
EAST ALLEN ROAD (GRAND TO BYPASS)	82,450
BLUFF PROJECT	1,185,108
CRAFTON STREET (CEDAR TO GRAND)	91,666
NORTH CEDAR (CRAFTON TO ALLEN)	126,224
WEST FOURTH ROW PURCHASE	377,697
WEST FOURTH (CAMPBELL TO STICK ROSS)	3,324,208
	<u>\$ 16,577,991</u>

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

Note 6: Concentration of Risk

The City of Tahlequah will remit to the Authority three quarters of one percent of all sales and use tax collected beginning on April 1, 2013 and continuing for 15 years or until the bonds, including any refunding bonds, have been satisfied, whichever occurs earlier.

TAHLEQUAH PUBLIC FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 7: Employee Benefits

The Authority's employees 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 recorded in the Authority's financial statements. FICA and Medicare withholding are matched by the Authority.

Note 8: 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.

Note 9: Subsequent Events

Subsequent events have been evaluated through the date of the auditor's report which is the date the financial statements were available to be issued.

DREW KIMBLE
Certified Public Accountant

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

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

To the Board of Trustees
Tahlequah Public Facilities Authority
Tahlequah, Oklahoma

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 financial statements of the business-type activities of the Tahlequah Public Facilities Authority, as of June 30, 2020, a component unit of the City of Tahlequah and have issued my report thereon dated November 2, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Tahlequah Public Facilities Authority internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tahlequah Public Facilities Authority internal control. Accordingly, I do not express an opinion on the effectiveness of Tahlequah Public Facilities Authority 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.

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 consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

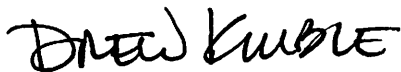
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tahlequah Public Facilities Authority financial statements are free from material misstatement, I 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 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 2, 2020



Drew Kimble, CPA