

TULSA STADIUM TRUST
(A COMPONENT UNIT OF THE CITY OF TULSA, OKLAHOMA)

FINANCIAL STATEMENTS

JUNE 30, 2019 and 2018

WITH

INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

Board of Trustees
Tulsa Stadium Trust

Report on the Financial Statements

We have audited the accompanying financial statements of Tulsa Stadium Trust (the Trust), a component unit of the City of Tulsa, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the 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

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tulsa Stadium Trust as of June 30, 2019 and 2018, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter - Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 - 4 be presented to supplement the basic 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us 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 October 30, 2019 on our consideration of Tulsa Stadium Trust'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 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 Tulsa Stadium Trust's internal control over financial reporting and compliance.

Stanfield + O'Dell, P.C.

Tulsa, Oklahoma
October 30, 2019

TULSA STADIUM TRUST
(a Component Unit of the City of Tulsa, Oklahoma)

Management's Discussion and Analysis

For the Years Ended June 30, 2019 and 2018

Introduction

This Management's Discussion and Analysis (MD&A) is intended to aid the reader in recognizing any significant issues and changes in the financial position of the Trust. The MD&A should be used in conjunction with the financial statements and notes as a whole.

Financial Statements

Condensed Statements of Net Position

| | 2019 | 2018 | 2017 |
|----------------------------------|----------------------|----------------------|----------------------|
| Current assets | \$ 7,866,844 | \$ 8,881,392 | \$ 8,612,347 |
| Noncurrent assets | 33,434,392 | 34,806,421 | 36,527,917 |
| Total assets | 41,301,236 | 43,687,813 | 45,140,264 |
| Current liabilities | 736,387 | 1,467,116 | 690,207 |
| Noncurrent liabilities | 19,702,740 | 20,363,612 | 20,999,485 |
| Total liabilities | 20,439,127 | 21,830,728 | 21,689,692 |
| Net position: | | | |
| Net investment in capital assets | 13,070,432 | 13,806,590 | 14,917,213 |
| Restricted for maintenance | 1,335,407 | 1,260,209 | 1,172,717 |
| Unrestricted | 6,456,270 | 6,790,286 | 7,360,642 |
| Total net position | \$ 20,862,109 | \$ 21,857,085 | \$ 23,450,572 |

The Tulsa Stadium Trust, a component unit of the City of Tulsa, Oklahoma, was organized as a public trust on September 25, 2008, for the use and benefit of the City of Tulsa, Oklahoma, under authority of and pursuant to the provisions of Title 60, Oklahoma Statutes, 2001, Section 176 to 180.4. The purpose of the Trust is to acquire, construct, own and operate a baseball stadium in downtown Tulsa and amenities and facilities necessary or convenient thereto.

As of June 30, 2019 and 2018, the Trust had total assets of \$41,301,236 and \$43,687,813, respectively. Current assets consisted of cash of \$3,426,636 and \$5,133,788, restricted cash of \$4,437,118 and \$3,746,893, and accrued revenue of \$3,090 and \$711, respectively. Noncurrent assets consisted of capital assets of \$31,830,449 and \$33,202,478, net of depreciation, respectively and restricted cash of \$1,602,724 and deposits of \$1,219 for both years. At June 30, 2019 and 2018, total current liabilities consisted of accounts payable of \$1,880 and \$755,291, accrued interest of \$74,507 and \$76,825, and bonds payable of \$660,000 and \$635,000. Noncurrent liabilities consisted of bonds payable of \$19,702,740 and \$20,363,612, respectively.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

| | 2019 | 2018 | 2017 |
|----------------------------|--------------|----------------|--------------|
| Operating revenues | \$ 247,753 | \$ 250,985 | \$ 249,628 |
| Operating expenses | 2,600,020 | 2,508,993 | 2,237,850 |
| Operating loss | (2,352,267) | (2,258,008) | (1,988,222) |
| Nonoperating revenues, net | 1,357,291 | 664,521 | 1,181,151 |
| Decrease in net position | \$ (994,976) | \$ (1,593,487) | \$ (807,071) |

The Trust completed the construction phase of the stadium and began operations during the spring of 2010. The Trust is being partially funded by approximately \$31,923,822 of gifts and sponsorships. During 2019 and 2018, operating revenues consisted of rental income of \$172,555 and \$163,493 and maintenance reserve revenue of \$75,198 and \$87,492, respectively. During 2019 and 2018, operating expenses consisted primarily of professional fees of \$77,789 and \$120,105, administrative expenses of \$13,886 and \$3,812, insurance expenses of \$51,144 and \$53,936, improvement district assessment of \$31,431 and \$31,192, depreciation of \$2,033,740 and \$2,008,398, repairs and maintenance expenses of \$326,807 and \$229,999, and utilities of \$65,223 and \$61,551, respectively. Expenses incurred for the years ended June 30, 2019 and 2018 are primarily related to operating the stadium activities, management of the investment properties and refinancing the bonds.

Requests for information

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

TULSA STADIUM TRUST
(a Component Unit of the City of Tulsa, Oklahoma)

STATEMENTS OF NET POSITION

June 30, 2019 and 2018

| | 2019 | 2018 |
|--|---------------|---------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 3,426,636 | \$ 5,133,788 |
| Restricted cash | 4,437,118 | 3,746,893 |
| Accrued revenue | 3,090 | 711 |
| | 7,866,844 | 8,881,392 |
| Total current assets | 7,866,844 | 8,881,392 |
| | | |
| Capital assets, net | 31,830,449 | 33,202,478 |
| Restricted cash | 1,602,724 | 1,602,724 |
| Other assets | 1,219 | 1,219 |
| | 41,301,236 | 43,687,813 |
| Total assets | 41,301,236 | 43,687,813 |
| | | |
| Liabilities | | |
| Accounts payable | 1,880 | 755,291 |
| Accrued interest | 74,507 | 76,825 |
| Current maturities of bonds payable | 660,000 | 635,000 |
| | 736,387 | 1,467,116 |
| Total current liabilities | 736,387 | 1,467,116 |
| | | |
| Bonds payable, less current maturities | 19,702,740 | 20,363,612 |
| Total liabilities | 20,439,127 | 21,830,728 |
| | | |
| Net position: | | |
| Net investment in capital assets | 13,070,432 | 13,806,590 |
| Restricted for maintenance | 1,335,407 | 1,260,209 |
| Unrestricted | 6,456,270 | 6,790,286 |
| | \$ 20,862,109 | \$ 21,857,085 |
| Total net position | \$ 20,862,109 | \$ 21,857,085 |

TULSA STADIUM TRUST
(a Component Unit of the City of Tulsa, Oklahoma)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years ended June 30, 2019 and 2018

| | 2019 | 2018 |
|-----------------------------------|---------------|---------------|
| Operating revenues: | | |
| Rent | \$ 172,555 | \$ 163,493 |
| Maintenance reserve revenue | 75,198 | 87,492 |
| | 247,753 | 250,985 |
| Operating expenses: | | |
| Professional fees | 77,789 | 120,105 |
| Administrative expenses and other | 13,886 | 3,812 |
| Insurance | 51,144 | 53,936 |
| Utilities | 65,223 | 61,551 |
| Repairs and maintenance | 326,807 | 229,999 |
| Depreciation | 2,033,740 | 2,008,398 |
| Improvement district assessment | 31,431 | 31,192 |
| | 2,600,020 | 2,508,993 |
| Total operating expenses | | |
| | (2,352,267) | (2,258,008) |
| Operating loss | | |
| Nonoperating revenues (expenses): | | |
| In-kind gifts | 25,878 | 32,598 |
| Transfer from primary government | 2,197,935 | 2,202,100 |
| Interest income | 98,100 | 36,376 |
| Interest expense | (963,090) | (986,553) |
| Other income (expense) | (1,532) | (620,000) |
| | 1,357,291 | 664,521 |
| Total nonoperating revenues, net | | |
| | (994,976) | (1,593,487) |
| Decrease in net position | | |
| Net position, beginning of year | 21,857,085 | 23,450,572 |
| Net position, end of year | \$ 20,862,109 | \$ 21,857,085 |

TULSA STADIUM TRUST
(a Component Unit of the City of Tulsa, Oklahoma)

STATEMENTS OF CASH FLOWS

Years ended June 30, 2019 and 2018

| | 2019 | 2018 |
|---|----------------|----------------|
| Cash Flows from Operating Activities | | |
| Receipts from customers | \$ 245,374 | \$ 254,067 |
| Payments to suppliers | (1,295,345) | (333,861) |
| | (1,049,971) | (79,794) |
| Cash Flows from Capital and Related Financing Activities | | |
| Transfer from primary government | 2,197,935 | 2,202,100 |
| Receipts (payments) from financing activity | (635,000) | (610,000) |
| Sale (acquisition) of capital assets | (661,711) | (286,902) |
| Interest paid on bonds | (966,280) | (989,653) |
| | (65,056) | 315,545 |
| Cash Flows From Investing Activities | | |
| Interest income | 98,100 | 36,376 |
| Increase (decrease) in cash | (1,016,927) | 272,127 |
| Cash, beginning of year | 10,483,405 | 10,211,278 |
| Cash, end of year | \$ 9,466,478 | \$ 10,483,405 |
| Reconciliation of Operating Loss to Net Cash Used in Operating Activities | | |
| Operating loss | \$ (2,352,267) | \$ (2,258,008) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation | 2,033,740 | 2,008,398 |
| Non cash contributions of expense | 25,878 | 32,598 |
| Change in assets and liabilities: | | |
| Accrued revenue | (2,379) | 3,082 |
| Accounts payable | (754,943) | 134,136 |
| | (1,049,971) | (79,794) |
| Net cash used in operating activities | \$ (1,049,971) | \$ (79,794) |

TULSA STADIUM TRUST
(a Component Unit of the City of Tulsa, Oklahoma)

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note 1 – Description of Organization and Summary of Significant Accounting Policies

Description of organization

The Tulsa Stadium Trust (the Trust), a component unit of the City of Tulsa (the City), was organized as a public trust on September 25, 2008, for the use and benefit of the City under authority of and pursuant to the provisions of Title 60, Oklahoma Statutes, 2001, Section 176 to 180.4. The purpose of the Trust is to acquire, construct, own and operate a baseball stadium in downtown Tulsa and amenities and facilities necessary or convenient thereto. In addition, the Trust may engage in other projects if approved by a vote of two-thirds of the trustees. The Trust shall terminate when the purpose of the Trust has been fully executed as determined by a majority vote of the full membership of both the trustees and the governing body of the city or in a manner provided by Title 60, Oklahoma Statutes, Section 180. The stadium construction phase was completed during the year ended June 30, 2010.

Basis of accounting and presentation

The financial statements of the Trust have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Voluntary nonexchange transactions (such as noncapital and capital gifts) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions. Voluntary nonexchange transactions that are not capital related (such as noncapital gifts) and interest income and expense are included in nonoperating revenues and expenses. The Trust first applies the restricted component of net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted components of net position are available.

The Trust's accounting and financial reporting policies conform to accounting principles generally accepted in the United States of America (GAAP) which includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Cash equivalents

The Trust considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2019 and 2018, the Trust did not have any cash equivalents.

Restricted cash

Restricted cash consists of cash held in trust by the Trust's bond trustee restricted because its use is limited by applicable bond covenants.

Note 1 - Description of Organization and Summary of Significant Accounting Policies - Continued

Capital assets

Capital assets purchased or acquired are carried at historical cost. Contributed assets are recorded at fair market value as of the date donated. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets between 10-25 years. Expenditures for maintenance and repairs are charged to expense as incurred whereas major improvements are capitalized. Gains and losses from the sale of property and equipment are reflected in the year of disposal.

Bond premiums

Bond premiums and discounts are capitalized and amortized over the term of the bonds using the effective interest rate method. Bond premiums are presented as additions of the face amount of the bonds payable.

Net position

The net position of the Trust is classified into three components. The net investment in capital assets component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any related liabilities used to finance the purchase or construction of those assets. The restricted nonexpendable component of net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the Trust. The unrestricted component of net position is the remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets or the restricted components of net position. The Trust did not have any restricted nonexpendable components of net position at June 30, 2019 or 2018.

Gifts and sponsorship

The Trust initially was funded by approximately \$31,923,822 of gifts and sponsorships. All cash gifts are made to the Tulsa Community Foundation (the Foundation) on behalf of the Trust. The Trust records revenue from cash contributions when cash has been received by the Foundation and the Trust has eligible expenditures.

Income taxes

The Trust qualifies as an organization exempt from income taxes under Section 115(a) of the Internal Revenue Code. As such, no provision has been made for federal or state income taxes. However, the trust is subject to federal income tax on any unrelated business taxable income.

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 balance sheet and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events

The Trust has evaluated subsequent events through October 30, 2019, the date which the financial statements were available to be issued.

Note 2 – Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposit may not be returned to it. The Trust's deposit policy for custodial credit risk requires compliance with provisions of state law and that demand deposits be collateralized at least 110% of the amount that is not federally insured.

As of June 30, 2019 and 2018, none of the Trust's bank balances of \$9,467,736 and \$10,484,662, respectively, were exposed to custodial credit risks.

Note 3 – Capital Assets

A summary of the Trust's capital assets activity for the years ended June 30, 2019 and 2018 is as follows:

| | Balance June 30, 2018 | Additions | Sales/Other Dispositions | Transfers | Balance June 30, 2019 |
|---------------------------------------|-----------------------------|---------------|-----------------------------|-----------|--------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 2,841,018 | \$ - | \$ - | \$ - | \$ 2,841,018 |
| Capital assets being depreciated: | | | | | |
| Stadium facilities | 44,213,971 | 647,510 | - | - | 44,861,481 |
| Stadium equipment | 2,259,853 | 14,201 | - | - | 2,274,054 |
| | 49,314,842 | 661,711 | - | - | 49,976,553 |
| Less: accumulated depreciation | (16,112,364) | (2,033,740) | - | - | (18,146,104) |
| | \$33,202,478 | \$(1,372,029) | \$ - | \$ - | \$ 31,830,449 |
| | Balance June 30, 2017 | Additions | Sales/Other Dispositions | Transfers | Balance June 30, 2018 |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 2,841,018 | \$ - | \$ - | \$ - | \$ 2,841,018 |
| Capital assets being depreciated: | | | | | |
| Stadium facilities | 43,947,676 | 266,295 | - | - | 44,213,971 |
| Stadium equipment | 2,239,246 | 20,607 | - | - | 2,259,853 |
| | 49,027,940 | 286,902 | - | - | 49,314,842 |
| Less: accumulated depreciation | (14,103,966) | (2,008,398) | - | - | (16,112,364) |
| | \$ 34,923,974 | \$(1,721,496) | \$ - | \$ - | \$ 33,202,478 |

Note 4 – Long-Term Debt

On December 12, 2008, the Trust entered into a \$25,000,000 revenue bond agreement with the Foundation, the proceeds of which were to be used to fund stadium construction costs.

The bond agreement was amended effective May 25, 2010, allowing the Trust to request advances not to exceed \$25,000,000 less the sum of principal payments required to be paid in accordance with the principal payment schedule. The bond agreement was subsequently amended June 10, 2010, whereby the originally issued bond was surrendered and two bonds were issued. The new bonds are designated as the Tulsa Stadium Trust \$19,710,564 Improvement District No. 1 Revenue Bond No. 2010-1 (the Exempt Bond) and the Tulsa Stadium Trust \$5,000,000 Improvement District No. 1 Revenue Bond 2010-2 (the Taxable Bond) with outstanding balances at June 30, 2013 of \$18,891,750 and \$4,800,457, respectively. The Exempt and Taxable bonds accrue interest at 6.15% and 7.90% annually, respectively, require annual principal and interest payments and mature November 30, 2038. The bonds are collateralized by an undivided percent of property tax assessment of the Tulsa Stadium Improvement District No. 1 as defined in the bond documents and a mortgage on the assets of the Trust, including rentals and other revenues from the lease agreement described in Note 5. Principal and interest payments commenced November 30, 2010.

On October 22, 2013, the Trust issued Series 2013 bonds aggregating \$23.3 million for the purpose of redeeming Revenue Bonds No. 2010-1 and 2010-2. The tax-exempt Series 2013 bonds were issued in the par amount of \$19.4 million and include an original issue premium of \$0.02 million. The proceeds from the tax-exempt Series 2013 bonds were used to fund the full redemption of the Trust's Revenue Bond No. 2010-1. The tax-exempt Series 2013 bonds have an average coupon of 4.6% and a final maturity of June 30, 2039. The taxable Series 2013 bonds were issued in the par amount of \$3.9 million. The proceeds from the taxable Series 2013 bonds were used to fund the full redemption of Revenue Bond No. 2010-2. The taxable Series 2013 bonds have an average coupon of 6% and a final maturity of June 30, 2039. A debt service reserve fund was established for each series 2013 bonds and approximately \$3,039,000 was deposited into a trust account at UMB Bank.

The following is a summary of changes in bonds payable for the year ended June 30, 2019:

| | Balance June 30, 2018 | Additions | Deductions | Balance June 30, 2019 | Amounts Due Within A Year |
|------------------|--------------------------|-----------|-------------------|--------------------------|---------------------------------|
| Bonds payable | \$ 20,980,000 | - | \$ 635,000 | \$ 20,345,000 | \$ 660,000 |
| Premium on bonds | 18,612 | - | 871 | 17,741 | - |
| | <u>\$ 20,998,612</u> | <u>-</u> | <u>\$ 635,871</u> | <u>\$ 20,362,741</u> | <u>\$ 660,000</u> |

Note 4 – Long-Term Debt - continued

The annual debt service requirements as of June 30, 2019, are as follows:

| Year ending June 30 | Bonds Payable | |
|---------------------|----------------------|----------------------|
| | Principal | Interest |
| 2020 | \$ 660,000 | \$ 938,636 |
| 2021 | 685,000 | 912,484 |
| 2022 | 710,000 | 890,856 |
| 2023 | 735,000 | 866,877 |
| 2024 | 760,000 | 838,578 |
| 2025-2029 | 4,325,000 | 3,677,116 |
| 2030-2034 | 5,440,000 | 2,549,167 |
| 2035-2039 | 7,030,000 | 967,930 |
| | <u>\$ 20,345,000</u> | <u>\$ 11,641,644</u> |

Note 5 – Operating Lease Agreement

The Trust entered into an operating lease agreement effective October 29, 2008, to lease the baseball stadium to Tulsa Baseball, Inc. for a 30-year term with two five-year renewal periods. Tulsa Baseball, Inc. owns an AA professional baseball franchise known as the Tulsa Drillers. The lease commenced during the first quarter of 2010 and calls for an annual base rental of \$150,000 during the initial term plus additional rents if paid attendance to Tulsa Drillers games exceeds 400,000 during any baseball season. The agreement contains an annual CPI index rental escalation clause not to exceed 5%. The lease agreement also contains various revenue sharing provisions between the Trust and the lessee for "revenue streams" as defined in the lease agreement.

The lessee is responsible for annual base utility charges up to \$200,000 with such sum increased annually by the CPI Index. The Trust and lessee are equally responsible for annual utility charges in excess of the base utility charge. The lessee is also responsible for insurance and routine maintenance as defined in the lease agreement.

The lease agreement requires the Trust to be responsible for capital expenditures related to the baseball stadium and to establish a trust fund for the long-term maintenance and capital needs of the stadium. The Trust funded the trust fund with \$500,000 during 2010 and is required to maintain a minimum balance of \$500,000 over the 30-year initial term of the lease. The lessee is required to make annual contributions to the trust fund of \$50,000 to be adjusted annually by the CPI Index, which is capped at 5%. In addition, additional lessee contributions to the trust fund are required should paid attendance to Tulsa Drillers games exceed 300,000 during any baseball season. The lessee contributed \$75,198 and \$87,492 to the fund during 2019 and 2018, respectively.

Note 6 – Grant Payable

In June 2019, the board approved a grant of \$750,000 to the John Hope Franklin Center for Reconciliation, Inc., conditioned upon the progress of construction of the pathway project. Since the grant is a conditional promise to give, it has not been recorded as a grant payable until the conditions have been met. No funds have been advanced.

OTHER REPORT



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
Tulsa Stadium Trust

We have audited, 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 of America, the financial statements of Tulsa Stadium Trust, a component unit of the City of Tulsa, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Tulsa Stadium Trust's basic financial statements, and have issued our report thereon dated October 30, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tulsa Stadium Trust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tulsa Stadium Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of Tulsa Stadium Trust'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we 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 Tulsa Stadium Trust'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 determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stanfield + O'Dell, P.C.

Tulsa, Oklahoma
October 30, 2019