

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

FINANCIAL STATEMENTS

**JUNE 30, 2022 and 2021
WITH
INDEPENDENT AUDITOR'S REPORT**

CONTENTS

Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 4
Financial Statements:	
Statements of Net Position	5
Statements of Revenues, Expenses and Changes in Net Position	6
Statements of Cash Flows.....	7
Notes to Financial Statements	8 - 14
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 <i>Government Auditing Standards</i>	15 - 16

Independent Auditor's Report

Board of Trustees
Tulsa Stadium Trust

Report on the Financial Statements

Opinion

We have audited the 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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Tulsa Stadium Trust's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tulsa Stadium Trust as of June 30, 2022 and 2021, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Tulsa Stadium Trust 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 opinion.

Responsibilities of Management for the Financial Statements

Tulsa Stadium Trust's management is responsible for the preparation and fair presentation of the 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 Tulsa Stadium Trust'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 opinion. 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 GAAS 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 GAAS, 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 Tulsa Stadium Trust'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 Tulsa Stadium Trust'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

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 is the responsibility of management and, 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 audit 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 December 1, 2022 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 solely 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 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
December 1, 2022

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

Management's Discussion and Analysis

For the Years Ended June 30, 2022 and 2021

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

	2022	2021	2020
Current assets	\$ 5,324,778	\$ 5,648,147	\$ 6,645,339
Noncurrent assets	32,977,729	34,351,806	32,969,880
Total assets	38,302,507	39,999,953	39,615,219
Current liabilities	802,010	781,871	1,576,509
Noncurrent liabilities	20,113,272	21,000,973	19,016,869
Total liabilities	20,915,282	21,782,844	20,593,378
Net position:			
Net investment in capital assets	11,642,047	12,215,324	13,266,794
Restricted for maintenance	1,522,670	1,472,666	1,422,662
Unrestricted	4,222,508	4,529,119	4,332,385
Total net position	\$ 17,387,225	\$ 18,217,109	\$ 19,021,841

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, 2022 and 2021, the Trust had total assets of \$38,302,507 and \$39,999,953, respectively. Current assets consisted of cash of \$1,370,627 and \$2,376,304, restricted cash of \$3,950,129 and \$3,271,571, and accrued revenue of \$4,022 and \$272, respectively. Noncurrent assets consisted of capital assets of \$28,344,448 and \$29,628,597, net of depreciation, respectively and restricted cash of \$1,602,724, line of credit of \$358,952 and \$355,191, lease receivable of \$2,670,386 and \$2,764,075 and deposits of \$1,219 for both years. At June 30, 2022 and 2021, total current liabilities consisted of accounts payable of \$0 and \$2,270 and accrued interest of \$67,010 and \$69,601, and bonds payable of \$735,000 and \$710,000.

Noncurrent liabilities consisted of deferred inflows of resources of \$2,543,147 and \$2,694,976 and bonds payable of \$17,570,125 and \$18,305,997, respectively.

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

	2022	2021	2020
Operating revenues	\$ 212,918	\$ 156,498	\$ 285,226
Operating expenses	2,613,672	2,353,016	2,703,514
Operating loss	(2,400,754)	(2,196,518)	(2,418,288)
Nonoperating revenues, net	1,570,870	1,391,786	578,020
Decrease in net position	\$ (829,884)	\$ (804,732)	\$ (1,840,268)

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 2022 and 2021, operating revenues consisted of rental income of \$162,914 and \$106,494 and maintenance reserve revenue of \$50,004 and \$50,004, respectively. During 2022 and 2021, operating expenses consisted primarily of professional fees of \$83,326 and \$65,546, administrative expenses of \$2,634 and \$2,816, insurance expenses of \$64,371 and \$60,652, improvement district assessment of \$33,059 and \$32,910, depreciation of \$2,078,145 and \$2,035,607, repairs and maintenance expenses of \$271,005 and \$56,065, utilities of \$46,712 and \$0, and rent expense of \$34,420 and \$99,420, respectively. Expenses incurred for the years ended June 30, 2022 and 2021 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, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 1,370,627	\$ 2,376,304
Restricted cash	3,950,129	3,271,571
Accrued revenue	4,022	272
	5,324,778	5,648,147
Total current assets		
Capital assets, net	28,344,448	29,628,597
Restricted cash	1,602,724	1,602,724
Line of credit – Tulsa Drillers	358,952	355,191
Lease receivable	2,670,386	2,764,075
Other assets	1,219	1,219
	38,302,507	39,999,953
Total assets		
Liabilities		
Current liabilities:		
Accounts payable	-	2,270
Accrued interest	67,010	69,601
Current maturities of bonds payable	735,000	710,000
	802,010	781,871
Total current liabilities		
Deferred inflows of resources	2,543,147	2,694,976
Bonds payable, less current maturities	17,570,125	18,305,997
	20,915,282	21,782,844
Total liabilities		
Net position:		
Net investment in capital assets	11,642,047	12,215,324
Restricted for maintenance	1,522,670	1,472,666
Unrestricted	4,222,508	4,529,119
	\$ 17,387,225	\$ 18,217,109
Total net position		

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, 2022 and 2021

	2022	2021
Operating revenues:		
Rent	\$ 162,914	\$ 106,494
Maintenance reserve revenue	50,004	50,004
	212,918	156,498
Operating expenses:		
Professional fees	83,326	65,546
Administrative expenses and other	2,634	2,816
Insurance	64,371	60,652
Rent	34,420	99,420
Utilities	46,712	-
Repairs and maintenance	271,005	56,065
Depreciation	2,078,145	2,035,607
Improvement district assessment	33,059	32,910
	2,613,672	2,353,016
Total operating expenses		
Operating loss	(2,400,754)	(2,196,518)
Nonoperating revenues (expenses):		
In-kind gifts	38,019	23,997
Transfer from primary government	2,280,726	2,134,233
Interest income	139,518	142,669
Interest expense	(887,393)	(909,113)
Grant expense	-	-
Other income (expense)	-	-
	1,570,870	1,391,786
Total nonoperating revenues, net		
Decrease in net position	(829,884)	(804,732)
Net position, beginning of year	18,217,109	19,021,841
Net position, end of year	\$ 17,387,225	\$ 18,217,109

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

STATEMENTS OF CASH FLOWS

Years ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Receipts (advances) from customers	\$ 147,267	\$ (215,821)
Payments to suppliers	(499,778)	(1,110,553)
	(352,511)	(1,326,374)
Net cash provided by (used in) operating activities		
Cash Flows from Capital and Related Financing Activities		
Transfer from primary government	2,280,726	2,134,233
Receipts (payments) from financing activity	(710,000)	(685,000)
Sale (acquisition) of capital assets	(793,996)	(298,266)
Interest paid on bonds	(890,856)	(912,484)
Interest income from lease receivable	136,125	140,492
	21,999	378,975
Net cash provided by (used in) financing activities		
Cash Flows From Investing Activities		
Interest income	3,393	2,177
Increase (decrease) in cash	(327,119)	(945,222)
Cash, beginning of year	7,250,599	8,195,821
Cash, end of year	\$ 6,923,480	\$ 7,250,599
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (2,400,754)	\$ (2,196,518)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,078,145	2,035,607
Non cash contributions of expense	38,019	23,997
Change in assets and liabilities:		
Accrued revenue	(7,511)	(303,220)
Lease receivable	93,689	82,730
Accounts payable	(2,270)	(817,141)
Deferred inflows of resources	(151,829)	(151,829)
	(352,511)	(1,326,374)
Net cash used in operating activities	\$ (352,511)	\$ (1,326,374)

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

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.

Change in Accounting Principle

GASB Statement 87, Leases, was adopted effective July 1, 2021. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use lease asset, and is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The adoption of this standard resulted in a restatement of the June 30, 2021 financial statements as follows:

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

Change in Accounting Principle – continued

	Previously reported June 30, 2021	Adjustments	Restated June 30, 2021
Lease Receivable	-	\$2,764,075	\$2,764,075
Deferred Inflows	-	\$2,694,976	\$2,694,976
Rent	\$177,887	(\$71,393)	\$ 106,494
Interest income	\$ 2,177	\$ 140,492	\$ 142,669

Cash equivalents

The Trust considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2022 and 2021, 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.

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.

Line of Credit

The Trust agreed to extend a line of credit to the Tulsa Drillers for \$450,000. The credit line could be used for stadium rent and utilities. Repayments are deferred until October 1, 2022.

Lease receivable and Deferred inflows

The lease provides for increases in future minimum annual rental payments based on a defined increase in the Consumer Price Index, subject to certain maximum increases.

Certain equipment and real estate lease require the lessee to guarantee minimum residual values. Payments required by residual value guarantees are recognized in the period in which payment is received. During the year ended June 30, 2022, the Trust received payments related residual value guarantees and termination penalties totaling \$93,689.86.

The lease requires variable payments based on future performance of the lease or usage of the underlying asset and are not included in the corresponding lease receivable. These variable payments are recognized as inflows of resources in the periods in which the payments are received. During the year ended June 30, 2022, the Trust received variable payments as required by the lease agreement totaling \$56,015.49.

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

Lease receivable and Deferred inflows – continued

Lease-related amounts are recognized at the inception of leases in which the Trust is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

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, 2022 or 2021.

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 December 1, 2022, 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, 2022 and 2021, none of the Trust's bank balances of \$6,952,677 and \$7,311,351 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, 2022 and 2021 is as follows:

	Balance June 30, 2021	Additions	Sales/Other Dispositions	Transfers	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 2,841,018	\$ -	\$ -	\$ -	\$ 2,841,018
Capital assets being depreciated:					
Stadium facilities	45,158,996	580,528	-	-	45,739,524
Stadium equipment	3,876,043	213,466	-	-	4,089,509
	51,876,057	793,994	-	-	52,670,051
Less: accumulated depreciation	(22,247,460)	(2,078,143)	-	-	(24,325,603)
	<u>\$29,628,597</u>	<u>\$(1,284,149)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,344,448</u>
	Balance June 30, 2020	Additions	Sales/Other Dispositions	Transfers	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 2,841,018	\$ -	\$ -	\$ -	\$ 2,841,018
Capital assets being depreciated:					
Stadium facilities	44,941,666	217,330	-	-	45,158,996
Stadium equipment	3,795,107	80,936	-	-	3,876,043
	51,577,791	298,266	-	-	51,876,057
Less: accumulated depreciation	(20,211,854)	(2,035,606)	-	-	(22,247,460)
	<u>\$ 31,365,937</u>	<u>\$(1,737,341)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,628,597</u>

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, 2022:

	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022	Amounts Due Within A Year
Bonds payable	\$ 19,000,000	-	\$ 710,000	\$ 18,290,000	\$ 735,000
Premium on bonds	15,997	-	872	15,125	-
	<u>\$ 19,015,997</u>	<u>-</u>	<u>\$ 710,872</u>	<u>\$ 18,305,125</u>	<u>\$ 735,000</u>

Note 4 – Long-Term Debt - Continued

The annual debt service requirements as of June 30, 2022, are as follows:

Year ending June 30	Bonds Payable	
	Principal	Interest
2023	735,000	866,877
2024	760,000	838,578
2025	795,000	807,125
2026	825,000	773,573
2027	865,000	737,667
2028-2032	4,945,000	3,049,609
2033-2037	6,325,000	1,663,423
2038-2039	3,040,000	162,816
	<u>\$ 18,290,000</u>	<u>\$ 8,899,668</u>

Note 5 – Lease Agreement

The Trust entered into a 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 \$50,004 and \$50,004 to the fund during 2022 and 2021, respectively.

Beginning with the fiscal year ended June 30, 2021, the remaining lease payments were capitalized and recorded as a lease receivable in accordance with GASB 87. A discount factor of 5% was used to determine the net present value of the remaining rent payments. The rent revenue was allocated between rent income and interest income.

Note 5 – Lease Agreement – Continued

The annual future lease payments as of June 30, 2022, are as follows:

Year ending June 30	Lease Receivable	
	Rent	Interest
2023	\$104,566	\$131,145
2024	109,915	125,795
2025	115,539	120,171
2026	121,450	114,260
2027	127,664	108,046
2028-2032	743,237	435,314
2033-2037	953,839	224,713
2038-2039	394,176	18,316
	<u>\$ 2,670,386</u>	<u>\$ 1,277,760</u>

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, 2022, 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 December 1, 2022.

Report on 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) as a basis for designing 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 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 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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 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 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
December 1, 2022