

INDEPENDENT AUDITOR'S REPORT

Grady County Fairgrounds Trust Authority

June 30, 2023

BY



Grady County Fairgrounds Trust Authority

For Year Ended June 30, 2023

Table of Contents

	<u>Page</u>
<u>INDEPENDENT AUDITOR'S REPORT</u>	1 - 4
<u>FINANCIAL STATEMENTS</u>	
Statement of Net Position (Modified Cash Basis)	5
Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis).....	6
Statement of Cash Flows (Modified Cash Basis)	7
Notes to Financial Statements.....	8 - 17
<u>REQUIRED SUPPLEMENTAL INFORMATION</u>	
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>	18 - 19
<u>SUPPLEMENTAL INFORMATION</u>	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	20 - 22
Schedule of Expenditures of Federal Awards.....	23
Notes to Schedule of Expenditures of Federal Awards	24
Schedule of Findings and Questioned Costs.....	25



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Grady County Fairgrounds Trust Authority
Chickasha, Oklahoma

Opinion

We have audited the accompanying modified cash basis financial statements of the Grady County Fairgrounds Trust Authority as of and for the twelve months then ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the Grady County Fairgrounds Trust Authority as of June 30, 2023, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the twelve months then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Grady County Fairgrounds Trust Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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, which raise substantial doubt about Grady County Fairgrounds Trust Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Grady County Fairgrounds Trust Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Grady County Fairgrounds Trust Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Supplementary Information

Management has omitted the management discussion and analysis and the budgetary comparison that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grady County Fairgrounds Trust Authority's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2023, on our consideration of the Grady County Fairgrounds Trust Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and

the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Grady County Fairgrounds Trust Authority's internal control over financial reporting and compliance.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

October 17, 2023

Grady County Fairgrounds Trust Authority

Statement of Net Position

For the Year Ended June 30, 2023

(Modified Cash Basis)

ASSETS

Current Assets

Cash and Cash Equivalents	\$	2,448,287	
Accounts Receivable		284,589	
Allowance for Doubtful Accounts		<u>(33,233)</u>	
Total Current Assets	\$		2,699,643

Fixed Assets

Buildings		20,169,639	
Equipment		1,855,700	
Land		462,443	
Improvements		112,156	
Furniture and Fixtures		107,450	
Auto / Transport Equipment		31,927	
Less Accumulated Depreciation		<u>(9,282,897)</u>	
Net Fixed Assets			<u>13,456,418</u>

TOTAL ASSETS

\$ 16,156,061

LIABILITIES AND NET POSITION

Current Liabilities

Current Portion of Bonds Payable	\$	754,256	
Current Portion of Note Payable		116,176	
Accounts Payable		30,518	
Compensated Absences Liability		14,019	
Accrued Salaries and Payroll Liabilities		11,900	
Unearned Income		<u>8,525</u>	
Total Current Liabilities	\$		935,394

Non-Current Liabilities

Bonds Payable (net)		4,519,849	
Note Payable (net)		<u>119,662</u>	
Total Non-Current Liabilities			<u>4,639,511</u>
Total Liabilities			5,574,905

Net Position

Net Investment in Capital Assets		7,946,475	
Net Position - Unrestricted		<u>2,634,681</u>	
Total Net Position			<u>10,581,156</u>

TOTAL LIABILITIES AND NET POSITION

\$ 16,156,061

Please see accompanying notes to the financial statements.

Grady County Fairgrounds Trust Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023
(Modified Cash Basis)

OPERATING REVENUES

Tax Income	\$ 2,691,393	
Rental Receipts	288,444	
Miscellaneous Receipts	108,993	
Fair Income	87,341	
Total Operating Revenues	\$ 3,176,171	\$ 3,176,171

OPERATING EXPENSES

Personal Services	736,168	
Maintenance and Operations	646,654	
Depreciation	438,194	
Rental/Event Expense	40,830	
Total Operating Expenses	1,861,846	1,861,846

OPERATING INCOME 1,314,325

NON-OPERATING REVENUES & EXPENSES

Grant Income	\$ 1,300,000	
Interest Income	7,485	
Interest Expense	(175,896)	
Total Non-Operating Revenues & Expenses	1,131,589	1,131,589

NET INCOME 2,445,914

Net Position, as of June 30, 2022 8,135,242

Net Position, as of June 30, 2023 \$ 10,581,156

Please see accompanying notes to the financial statements.

Grady County Fairgrounds Trust Authority

Statement of Cash Flows For the Year Ended June 30, 2023

Cash Flows from Operating Activities

Operating Income		\$ 1,314,325
Depreciation	\$ 438,194	
(Increase)/Decrease in Accounts Receivable	(2,905)	
Increase/(Decrease) in Compensated Absences Liability	4,630	
Increase/(Decrease) in Unearned Income	(1,700)	
Increase/(Decrease) in Accrued Salaries	(12,241)	
Increase/(Decrease) in Accounts Payable	<u>(493,277)</u>	
Net Cash Provided by Operating Activities		1,247,026

Cash Flows from Investing Activities

Grant Income	1,300,000	
Capital Assets Purchased	<u>(3,044,093)</u>	
Net Cash Used by Investing Activities		(1,744,093)

Cash Flows from Financing Activities

Interest Income	\$ 7,485	
Interest Expenses	(175,896)	
Increase/(Decrease) in Note Payable	(112,792)	
Increase/(Decrease) in Bonds Payable	<u>(731,665)</u>	
Net Cash Used by Financing Activities		<u>(1,012,868)</u>

Net Increase (Decrease) in Cash and Cash Equivalents (1,509,935)

Cash and Cash Equivalents - June 30, 2022 3,958,222

Cash and Cash Equivalents - June 30, 2023 \$ 2,448,287

Please see accompanying notes to the financial statements.

Grady County Fairgrounds Trust Authority
Notes to Financial Statements
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Grady County Fairgrounds Trust Authority’s (the Authority) financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Reporting Entity

The Grady County Fairgrounds Trust Authority (the Authority) was established as a public trust organized on November 12, 2019 under Title 60, Oklahoma Statutes 2001, Sections 176 to 180.4, inclusive, as amended and supplemented, the Oklahoma Trust Act and other applicable statutes and laws of the State of Oklahoma. It was established for the purpose, among others, of constructing, owning, and operating the county fairgrounds within Grady County, Oklahoma.

The Authority operates as an autonomous proprietary fund and its bookkeeping accounts and financial statements are maintained and presented as enterprise fund accounts.

Basis of Presentation

The Authority’s basis financial statements are presented in the modified cash basis of accounting that represents reporting on a cash basis modified to reflect certain accrual-basis accounting adjustments such as depreciation expense.

The Authority’s enterprise activities are reported using the modified cash basis of accounting. The Authority’s net position is reported in three parts – net investment in capital assets, restricted, and unrestricted. Revenues are recognized when they are measurable and available. Expenses incurred but unpaid by June 30, 2023, are recorded on a cash basis and are not reflected in the accompanying modified cash basis of accounting financial statements.

The statement of revenues, expenses, and changes in net position report both the gross and net cost of the Authority’s tax and rental activities. The maintenance and operations and the personal services are supported by general government revenues. The statement of revenues, expenses, and changes in net position reduce gross expenses (including depreciation) by related revenues.

Grady County Fairgrounds Trust Authority

Notes to Financial Statements

June 30, 2023

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

The financial statements of the Authority have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis of accounting represents reporting on a cash basis modified to reflect certain accrual-basis accounting adjustments such as depreciation expense. Expenses incurred but unpaid by June 30, 2023, are recorded on a cash basis and are not reflected in the accompanying modified cash basis of accounting financial statements.

Capital Assets

Capital assets purchased or acquired with the intent to capitalize are reported at historical costs or estimated historical costs, net of accumulated depreciation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	39 years
Furniture and fixtures	7 years
Equipment	5 years
Vehicles	5 years

Compensated Absences

The Authority accrues accumulated unpaid annual leave when it is earned by the employee. Compensated absences are reported as current liabilities in the statement of net position. Eligible employees who end their employment with the Authority are reimbursed for each hour of accumulated unpaid annual leave. Further details are provided in the Authority's Employee Leave Policy.

Cash and Cash Equivalents

The Authority considers all cash on-hand, demand deposits, and certificates of deposit held at an individual bank which are subject to early withdrawal penalties, no matter what the maturity period, to be cash and cash equivalents.

Grady County Fairgrounds Trust Authority
Notes to Financial Statements
June 30, 2023

Advertising Costs

All costs associated with advertising are expenses when incurred.

Inventory

The Authority records material and supply inventories as expenditures at the time the inventory is purchased and at year-end such inventories are not considered material in amount. Therefore, no inventory balances for materials and supplies not yet consumed are reported in the basic statement of assets, liabilities, and fund balance.

Sales Tax Revenue

The Authority receives a monthly portion of the county sales tax revenue from Grady County.

Sales Tax Receivable

Sales tax receivable by the Authority include all uncollected sales tax payments as of June 30, 2023 and earlier. No provisions have been made for uncollected amounts for the year ending June 30, 2023.

Grants

The Authority records income from grants in the period received.

Income Taxes

The Authority is exempt from federal and state income taxes.

Retirement

The Authority established a Defined Contribution Plan through the Oklahoma Public Employees Retirement Authority.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The company bases its estimates on experience, where applicable and other assumptions management believe are reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. Estimates are used when accounting for items such as revenues, allowance for doubtful accounts, useful lives of property, plant, and

Grady County Fairgrounds Trust Authority

Notes to Financial Statements

June 30, 2023

equipment, asset impairments, allocations, and evaluation of minimum lease terms for operating leases.

Equity Classification

Equity is classified as net position and displayed in the following categories in the financial statements:

- a) Net investment in capital assets: Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net position: Consists of net position with constraints placed on the use either by (i) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (ii) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position: All other net positions that do not meet the definition of “restricted” or “net investment in capital assets”.

Recent Accounting Pronouncements

Governmental Accounting Policies Adopted During Current Year

In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87). GASB 87 defines a lease as a contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB 87 improves accounting and financial reporting for leases by governments 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 an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The Authority adopted GASB 87 on July 1, 2022, for the June 30, 2023, reporting year, which did not have a significant impact on the Authority’s financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 provides accounting and financial reporting guidance for the governmental end users of subscription-based information technology arrangements (SBITAs). GASB 96 defines an SBITA, establishes right-to-use assets and corresponding liabilities, and provides capitalization criteria and the note disclosures required for SBITAs. The

Grady County Fairgrounds Trust Authority
Notes to Financial Statements
June 30, 2023

Authority adopted GASB 96 on July 1, 2022, for the June 30, 2023, reporting year, which did not have a significant impact on the Authority's financial statements.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). GASB 99 is a technical omnibus statement that addresses issues or concerns from previous statements that were discovered during implementation and application of those statements. GASB 99 covers several topics including but not limited to, financial guarantees, derivatives, leases, non-monetary transactions, future revenue pledges and terminology updates. The Authority adopted the sections that were effective immediately for the June 30, 2023, reporting year. The remaining sections will be adopted by the Authority for the June 30, 2024, reporting year, as required by GASB 99. The Authority does not expect GASB 99 to have a significant impact on the financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 proscribes accounting and financial reporting for accounting changes and error corrections to the financial statements. GASB 100 defines what constitutes an accounting change versus a change in accounting principle or error correction and outlines the appropriate note disclosures in each circumstance. The Authority will adopt GASB 100 on July 1, 2023, for the June 30, 2024, reporting year. The Authority does not expect GASB 100 to have a significant impact on the financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). GASB 101 outlines the definition of compensated absences and sets forth the accounting and financial reporting for compensated absence liabilities. GASB 101 outlines that leave accrued should be measured using the employees pay rate at the financial statement date and that certain salary related payments, such as Social Security and Medicare, should be included in such measurement. The Authority will adopt GASB 101 on July 1, 2024, for the June 30, 2025, reporting year. The Authority has not determined the impact that GASB 101 will have on the financial statements.

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through October 17, 2023, the date which the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2023 include the following accounts:

Grady County Fairgrounds Trust Authority

Notes to Financial Statements

June 30, 2023

Sales Tax Revenue Account	\$ 2,026,171
Revolving Account	267,867
Checking Free Fair	154,087
Petty Cash	161
	<u>\$ 2,448,286</u>

Custodial Credit Risk - Deposits

For deposits, custodial credit risk is the risk that in the event of the failure of a counterparty, the Authority will not be able to recover the value of its deposits. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. At June 30, 2023, the carrying amount of the Authority's cash and cash equivalents were \$2,448,286, and the bank balances were \$2,448,125. The difference is due to petty cash maintained by the authority.

The cash on deposit with First National Bank of Chickasha, Oklahoma, is not only covered by FDIC insurance (up to \$250,000) but also collateral pledges of up to \$1,000,000 to cover deposits in excess of the FDIC coverage. The cash on deposit with Liberty National Bank is also covered by FDIC insurance (up to \$250,000) but also collateral pledge of up to \$350,000 in excess of the FDIC coverage.

The Authority's cash, deposits, and investments are classified in the following categories:

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

	<u>A</u>	<u>B</u>	<u>C</u>	<u>Total</u>
Cash in Bank	\$ 2,448,125	\$ 0	\$ 161	\$ 2,448,286
Total	<u>\$ 2,448,125</u>	<u>\$ 0</u>	<u>\$ 161</u>	<u>\$ 2,448,286</u>

NOTE 3 – CAPITAL ASSETS

The cost of fixed assets is capitalized and depreciated over the estimated useful life of the related asset. These assets are depreciated using the straight-line method over the useful lives ranging from 5 to 40 years. A summary of fixed assets at June 30, 2023, is as follows:

Grady County Fairgrounds Trust Authority
Notes to Financial Statements
June 30, 2023

	Balance 06/30/2022	Additions	Disposals	Balance 06/30/2023
Fixed Assets				
Buildings & Improvements	\$ 15,438,892	\$ 4,842,902	\$ 0	\$ 20,281,794
Equipment	1,426,863	428,837	0	1,855,700
Land	462,443	0	0	462,443
Furniture & Fixtures	107,450	0	0	107,450
Auto / Transport Equipment	31,927	0	0	31,927
Total Fixed Assets	<u>\$ 17,467,575</u>	<u>\$ 5,271,739</u>	<u>\$ 0</u>	<u>\$ 22,739,314</u>
Accumulated Depreciation				
Buildings & Improvements	\$ 7,952,689	\$ 261,892	\$ 0	\$ 8,214,581
Equipment	820,364	154,566	0	974,930
Furniture & Fixtures	48,238	15,351	0	63,589
Auto / Transport Equipment	23,412	6,385	0	29,797
Total Depreciation	<u>\$ 8,844,703</u>	<u>\$ 438,194</u>	<u>\$ 0</u>	<u>\$ 9,282,897</u>
Total Fixed Assets, net of depreciation	<u>\$ 8,622,872</u>			<u>\$ 13,456,417</u>

Depreciation is charged to expense. Depreciation expense for the six months ended June 30, 2023 was \$438,194.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Leases

On October 22, 2014, the Grady County Industrial Authority leased from Grady County certain real properties located at the Grady County Fairgrounds in order to use it as collateral for the County Fairgrounds Facilities Lease Revenue Note, Series 2014 and 2015. The funds from these revenue notes will be used for construction projects at the Grady County Fairgrounds.

Grady County leased the real and personal property back from the Industrial Authority for a period of 14 years. In May 2013, the citizens of Grady County voted for a ¼% sales tax to finance this long-term lease. The Grady County Fairgrounds pays regular monthly lease payments of \$75,630.

Grady County Industrial Authority is reporting this debt as a conduit debt and not reporting it on their financial statements. Therefore, Grady County Fairgrounds Trust Authority will report it on their financial statements.

Grady County Fairgrounds Trust Authority
Notes to Financial Statements
June 30, 2023

The bonds are payable on the following terms:

<u>Year Ending</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
June 30, 2024	\$ 907,560	\$ 752,339	\$ 155,221
June 30, 2025	907,560	776,410	131,150
June 30, 2026	907,560	800,823	106,737
June 30, 2027	907,560	828,109	79,451
June 30, 2028	907,560	850,839	56,721
June 30, 2029 +	1,361,614	1,265,585	96,029
	<u>\$ 5,899,414</u>	<u>\$ 5,274,105</u>	<u>\$ 625,309</u>

Long Term Debt

The Authority entered into a loan with First National Bank and Trust of Chickasha on June 15, 2022. The amount of the total loan were \$348,630. The funds were used to purchase stall equipment. This loan calls for 3% with an annual payment of \$123,357. The note matures on June 15, 2025.

The debt is payable on the following terms:

<u>Year Ending</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
June 30, 2024	\$ 123,251	\$ 116,176	\$ 7,075
June 30, 2025	123,251	119,662	3,589
	<u>\$ 246,502</u>	<u>\$ 235,838</u>	<u>\$ 10,664</u>

Legal

From time to time, the Authority is involved in certain legal proceedings arising in the normal course of business. In the opinion of management, the ultimate disposition of such proceedings will not have a material effect on the Authority's financial statements.

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; or natural disasters for which the Authority carries commercial insurance. There have been no significant reductions in coverage from the prior year, and settlements have not exceeded coverage in the past 3 years.

The Authority is maintained under Grady County and their insurance coverage.

Grady County Fairgrounds Trust Authority

Notes to Financial Statements

June 30, 2023

NOTE 5 – ACCURED PAYROLL AND COMPENSATED ABSENCES

The Authority accrues a payroll liability and a liability for vacation pay, which are liquidated through the main fund. Accrued payroll and compensated absences are reported as current liabilities in the statement of net position.

The cost is recognized when a claim is made for the accrued compensation by the employee.

Accrued payroll and compensated absences activity for the year ended June 30, 2023 was as follows:

	<u>Accrued Payroll</u>	<u>Compensated Absences</u>
Balance as of 07/01/2022	\$ 23,861	\$ 9,389
Additions	0	4,630
Reductions	(12,241)	0
Balance as of 06/30/2023	<u>\$ 11,620</u>	<u>\$ 14,019</u>
Amounts Due Within 1 Year	<u>\$ 11,620</u>	<u>\$ 14,019</u>

NOTE 6 – RETIREMENT PLAN

The Authority established a Defined Contribution Plan through the Oklahoma Public Employees Retirement Authority. The Plan started in January 2022. The plan allows the employee to contribute 3.5% and the Fairgrounds to contribute 16.5% of covered payroll.

Total retirement costs for the current year were as follows:

	<u>Employer Portion 16.5%</u>	<u>Employee Portion 3.5%</u>	<u>Covered Payroll</u>	<u>Non-Covered Payroll</u>
FYE June 30, 2023	<u>\$ 72,614</u>	<u>\$ 20,020</u>	<u>\$ 440,085</u>	<u>\$ 22,184</u>

NOTE 7 – SALES TAX REVENUE

Approximately 84.7% of total revenue of the Authority for the current year was received from sales tax received from Grady County. Total sales tax received as of the year ended June 30, 2023 was \$2,683,860.

Grady County Fairgrounds Trust Authority

Notes to Financial Statements

June 30, 2023

NOTE 8 – GRANT REVENUE

The Authority received \$1,300,000 from the U.S. Department of Treasury for the Coronavirus Relief Fund.

NOTE 9 – RELATED PARTY TRANSACTIONS

As of the end of the year, June 30, 2023, the Authority is reliant on Grady County to collect their sales tax monies and to provide insurance coverage for the Authority. There are no additional related parties that could affect the financial statements significantly.



**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***

Board of Trustees
Grady County Fairgrounds Trust Authority
Chickasha, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the business-type activities of Grady County Fairgrounds Trust Authority, as of June 30, 2023, and the related notes to the financial statements, which collectively comprise the Fairground's basic financial statements, and have issued our report thereon dated October 17, 2023. Our report included a basis of accounting paragraph related to the Fairground's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any such deficiencies.

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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Grady County Fairgrounds Trust Authority's financial statements are free of 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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

October 17, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

Board of Trustees
Grady County Fairgrounds Trust Authority
Chickasha, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Grady County Fairgrounds Trust Authority's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Grady County Fairgrounds Trust Authority's major federal programs for the year ended June 30, 2023. Grady County Fairgrounds Trust Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations, Uniform Administrative Requirement, Cost Principles, and Audit Requirements For Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Grady County Fairgrounds Trust Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Grady County Fairgrounds Trust Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Grady County Fairgrounds Trust Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Grady County Fairgrounds Trust Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Grady County Fairgrounds Trust Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Grady County Fairgrounds Trust Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Grady County Fairgrounds Trust Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Grady County Fairgrounds Trust Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or, significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is suitable for any other purpose.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

October 17, 2023

Grady County Fairgrounds Trust Authority
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2023

<u>Federal Agency/Program and Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of the Treasury COVID-19 Coronavirus Relief Fund	21.019	GradyCoRR202201	<u>\$ 1,300,000</u>
		Total Federal and State Awards	<u><u>\$ 1,300,000</u></u>

Please see accompanying notes to the financial statements.

Grady County Fairgrounds Trust Authority
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule” includes the federal award activity of Grady County Fairgrounds Trust Authority under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of *Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Trust Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Trust Authority.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on modified cash basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Note 3 – Indirect Cost Rate

The Trust Authority has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Grady County Fairgrounds Trust Authority
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Summary of Auditor's Results

1. The Auditor's report expresses an unmodified opinion on the financial statements of the Grady County Fairgrounds Trust Authority.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.
3. No instances of noncompliance material to the financial statements of the Grady County Fairgrounds Trust Authority were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Schedule of Findings and Questioned Costs.
5. The auditor's report on compliance for each major program on internal control over compliance as required by the Uniform Guidance expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 2 CFR 200.561(a) of the Uniform Guidance are reported.
7. The program tested as major was the U. S. Department of Treasury, Corona Virus Relief Fund, CFDA 21.019.
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. Grady County Fairgrounds Trust Authority qualified as a low-risk auditee.

Findings – Financial Statement Audit

None