

LAWTON YOUTH SPORTS TRUST AUTHORITY

A Component Unit of the City of Lawton, Oklahoma

**Financial Statements
For the Year Ended June 30, 2023**

Table of Contents

<u>Financial</u>	<u>Pages</u>
Independent Auditor's Report	1-3
Basic Financial Statements	
Statements of Net Position	4
Statements of Revenues, Expenses, and Changes in Net Position	5
Statements of Cash Flows	6
Notes to Financial Statements	7-12
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>	13-14

TURNER & ASSOCIATES, CPAS

201 S.W. 7th Street. • LAWTON, OK 73501 • (580) 248-7738 • fax (877) 366-0330

Independent Auditors' Report

Board of Trustees
Lawton Youth Sports Trust Authority
Lawton, Oklahoma

Opinion

We have audited the accompanying financial statements of the Lawton Youth Sports Trust Authority (the Authority) (a component unit of the City of Lawton), which comprise the statement of net position as of June 30, 2023 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of as of June 30, 2023 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.

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 the Authority and to meet 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

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 the Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Management has omitted the management's discussion and analysis 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, which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This does not affect our opinion on the basic financial statement.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023, on our consideration of the 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

Robert A. Turner

Turner & Associates, CPA's
Lawton, OK
December 29, 2023

Lawton Youth Sports Trust Authority
Statement of Net Position
June 30, 2023

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 1,735
Total Cash	1,735

Accounts Receivable, City of Lawton	87,236
Total Current Assets	88,971

Noncurrent Assets:

Capital Assets (net of accumulated depreciation)	11,688
Total Noncurrent Assets	11,688

TOTAL ASSETS	\$ 100,659
---------------------	-------------------

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$ 65,721
Accounts Payable - ESM	21,515
Total Current Liabilities	87,236

Noncurrent Liabilities:

Total Liabilities	\$ 87,236
-------------------	-----------

NET POSITION

Investment in Capital Assets	\$ 11,688
Unrestricted Net Position	1,735

TOTAL NET POSITION	\$ 13,423
---------------------------	------------------

See Notes to Financial Statements.

Lawton Youth Sports Trust Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ending June 30, 2023

Operating Revenues:	
Grant Revenue	\$ 40,000
Total Operating Revenues	<u>40,000</u>
 Operating Expenditures:	
Accounting	3,225
Bank Service Charges	65
ESM Fees	114,211
Management Fees	115,000
Office Expense	156
Professional Services - ARPA	40,000
Repairs and Maintenance	<u>58,475</u>
Total Operating Expenditures	<u>331,132</u>
 Operating Income (Loss)	 (291,132)
 Transfers In (Out)	
City of Lawton	<u>302,755</u>
Total Transfers In (Out)	<u>302,755</u>
 Increase (Decrease) in Net Position	 11,623
 Change in Net Position	
Beginning Net Position	<u>1,800</u>
Ending Net Position	<u>\$ 13,423</u>

See Notes to Financial Statements.

Lawton Youth Sports Trust Authority
Statement of Cash Flows
For the Year Ending to June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Grant Revenues	\$ 40,000
Payments ESM Fees	(92,696)
Payments Management Fees	(115,000)
Payments Professional Services-ARPA	(40,000)
Payments to Suppliers	3,800
Net Cash Provided (Used) Operating Activities	(203,896)

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Capital Assets	(11,688)
Net Cash Provided (Used) From Investing Activities	(11,688)

CASH FLOWS FROM FINANCING ACTIVITIES:

Transfers From City of Lawton	215,519
Net Cash Provided (Used) From Financing Activities	215,519

Net Increase (Decrease) in Cash	(65)
Cash Balance - Beginning of the Year	1,800
Cash Balance - End of the Year	\$ 1,735

**Reconciliation of Operating Income (Loss) to
Net Cash Provided (Used) Operating Activities:**

Operating Income (Loss)	\$ (291,132)
-------------------------	--------------

Changes in Assets and Liabilities:

Accounts Payable	65,721
Accounts Payable ESM	21,515
Accounts Receivable, City of Lawton	
Net Cash Provided (Used) Operating Activities	\$ (203,896)

See Notes to Financial Statements.

Lawton Youth Sports Trust Authority

Notes to Financial Statements

1. Organization and Reporting Entity

Organization:

On February 22, 2022 the City of Lawton established the Lawton Youth Sports Trust Authority (the Authority) for the purposes of providing high quality youth athletic programs in the City of Lawton, under the provisions of Title 60, Oklahoma Statutes.

The purpose of the Authority is to plan, establish, develop, improve, maintain, and facilitate the promotion of high quality youth athletic programs in the City and otherwise making youth athletic programs in the City of Lawton the best of its kind in the State of Oklahoma.

Reporting Entity:

The Authority meets the criteria set forth in generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB) for inclusion as a component unit within the City of Lawton's basic financial statements based on the City's responsibility for the appointment of the Authority members in accordance with the trust indenture. The City of Lawton is the beneficiary of the Authority. As such, the Authority is included in the City's basic financial statements. The accompanying financial statements present the financial position and the changes in net assets and cash flows of the Authority only. The Authority is not involved in any joint ventures.

2. Summary of accounting policies

This report is prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) and the provisions of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, except for the omission of Management's Discussion and Analysis. Those statements establish standards for external financial reporting for all state and local governmental entities which include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

Lawton Youth Sports Trust Authority

Notes to Financial Statements

2. Summary of accounting policies (continued)

Basis of Accounting -- The financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred. The Statement of Revenues, Expenses, and Changes in Net Position is a statement of financial activities related to the current reporting period.

Government-wide Financial Statements -- The adopted GASB Statements require that the overall financial condition of the Authority be displayed in three entity-wide financial statements. These are the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These include all financial activity of the Authority.

The financial statements are presented using the “business-type activities” approach. Business-type activities are those that provide specific, divisible services to residents or businesses and are funded primarily by user charges. As is required by generally accepted accounting principles, the Authority reports using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. This method of accounting also distinguishes operating revenues and expenses from non-operating items and capital contributions. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Revenues and expenses not meeting this definition are reported as either non-operating revenues and expenses or capital contributions.

GASB Statements No. 34 and 63 require that the Statement of Net Position classify net position into three components: net investment in capital assets; restricted, and unrestricted. These classifications are defined as follows.

Net Investment in Capital Assets -- This component of net position 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. If there are significant unspent related debt proceeds at year-end, the portion of debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the net position component as the unspent proceeds.

Lawton Youth Sports Trust Authority

Notes to Financial Statements

2. Summary of accounting policies (continued)

Restricted Net Position - This component of net position consists of constraints placed on net asset use through external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation. When both restricted and unrestricted sources are available for use, generally it is the Authority's policy to restricted resources first.

Unrestricted Net Position -- This component of net position consists of those net positions that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Component Unit -- Component units are legally separate organizations for which the officials of the primary entity are financially responsible. In addition, component units can be other organizations which the nature and significance of their relationship with the primary entity are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Authority is a component unit of the City of Lawton.

Use of Estimates -- Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities and net position, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents -- The Authority considers cash on hand, demand deposits, interest bearing accounts, and investments with a maturity of 90 days or less to be cash and cash equivalents.

Capital Assets -- Acquisitions of property and equipment with a useful life of more than one year and an original cost of \$500 or more are recorded as additions to capital assets. Depreciation of property and equipment has been calculated on the estimated useful lives using the straight-line method as follows:

<u>Type of Asset</u>	<u>Years</u>
Equipment	5

Statements of Cash Flows -- In accordance with GASB Statement 34, the accompanying financial statements include a Statement of Cash Flows which is presented using the direct method.

Income Tax Status -- the Authority qualifies as an organization exempt from income taxes. As a government instrumentality, no provision has been made for federal or state income taxes.

Lawton Youth Sports Trust Authority

Notes to Financial Statements

3. Deposits and Deposit Risk

The Authority is governed by the deposit and investment limitations of state law. The Authority held the following deposits at June 30, 2023:

Demand deposits	\$ 1,735
Total deposits	\$ 1,735

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash and cash equivalents had a bank balance of \$ 1,735 at June 30, 2023. All deposits were insured by depository insurance.

Investment Interest Rate Risk – The Authority has no normal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk – The Authority has no investment policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

Concentration of Investment Credit Risk – The Authority places no limit on the amount it may invest in any one issuer.

4. Accounts Receivable

Accounts receivable – City of Lawton are for anticipated payments by the City of Lawton in accordance with the limited funding agreement in note 6. These receivables are recorded at the amount the Authority expects to collect on balances outstanding at the end of the year. Because of the nature of this transaction, management does not feel the need for the allowance method. Accordingly, there is no bad debt expense at year end.

Lawton Youth Sports Trust Authority

Notes to Financial Statements

5. Capital assets

The Authority's investment in property and equipment at June 30, 2023 and the related activity for the period then ended was as follows:

JUNE 30, 2023

	Beginning Balance <u>June 30, 2022</u>	<u>Increase</u>	<u>Decrease</u>	Ending Balance <u>June 30, 2023</u>
Assets Being Depreciated:				
Equipment	\$ -	\$ 11,688	-	\$ 11,688
Total Assets Being Depreciated	-	11,688	-	11,688
Less Accumulated Depreciation:				
Equipment	-	-	-	-
Total Accumulated Depreciation	-	11,688	-	-
Net Capital Assets	<u>\$ -</u>	<u>\$ 11,688</u>	<u>\$ -</u>	<u>\$ 11,688</u>

Fixed Assets are presented at cost, or fair market value if donated, while equipment, furniture and fixtures, and vehicles with a life of more than one year are included at cost. The equipment was purchased at year end. Therefore, no depreciation expense was recorded for the period ended June 30, 2023.

6. Agreement for Funding and Limited Support

The Authority entered into a funding agreement with the City of Lawton. The agreement provides funding up to \$440,000 for the 2023 fiscal year. The Authority has received \$342,755 as a result of the agreement for the period ending June 30, 2023. The agreement expires June 30, 2023.

7. Related Party Transactions

As discussed in note 6, the Authority entered into an agreement with the City of Lawton. The authority has a receivable from the City of Lawton for \$87,236 for the period ending June 30, 2023.

8. Subsequent Events

The Authority has evaluated events and transactions for subsequent events that would impact the financial statements for the period ended June 30, 2023 through December 29, 2023, which is the date the financial statements were available to be issued. There were no subsequent events that require recognition of disclosure in the financial statements.

9. Federal Grants

The American Rescue Plan Act (ARPA) is a federal stimulus bill intended to aid public health and economic recovery from the COVID-19 pandemic. The funds were designated in the funding agreement to be used to conduct a youth sports facility market analysis. The Authority received and expended \$40,000 of ARPA funds for the year ending June 30, 2023.

10. Contracts

On August 23, 2022, the Authority entered into a management agreement with Eastern Sports Management, LLC (ESM) to manage the operations of the Authority. Such responsibilities include providing personnel and human resource services; financial, marketing, and administrative services; and policy.

The agreement is for a period of 5 years and can be renewed for 1 year terms subsequent to the initial term. The Authority has the option to terminate after the first 12 months by giving ESM 90 days written notice. Upon which, the Authority would be required pay a lump sum equal to 50% of the remaining fees. The Authority has paid a total of \$115,000 in management fees for the year ending June 30, 2023.

In addition, the authority also reimburses ESM for expenses incurred as a result of operations. The Authority paid \$114,211 for reimbursed expenses for the year ending June 30, 2023.

TURNER & ASSOCIATES, CPAs

201 S.W. 7th Street • LAWTON, OK 73501 • (580) 248-7738 • fax (877) 366-0330

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
Lawton Youth Sports Trust Authority
Lawton, 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 financial statements of Lawton Youth Sports Trust Authority as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Lawton Youth Sports Trust Authority's basic financial statements, and have issued our report thereon dated December 29, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lawton Youth Sports Trust 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lawton Youth Sports Trust Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Lawton Youth Sports Trust 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.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lawton Youth Sports Trust Authority'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.

Robert A. Turner

Turner & Associates CPAs
Lawton, OK
December 29, 2023