

Tulsa County Public Facilities Authority

Financial Statements
and
Independent Auditor's Reports

December 31, 2023

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Independent Auditor's Report

To the Board of Trustees
Tulsa County Public Facilities Authority
Tulsa, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the fiduciary fund information of the Tulsa County Public Facilities Authority (the Authority), a component unit of Tulsa County, Oklahoma, as of and for the year ended December 31, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary fund information of the Authority, as of December 31, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 (*Government Auditing Standards*). 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 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 opinions.

Relationship with Tulsa County, Oklahoma

As discussed in Note 1, the financial statements of the Authority are intended to present the financial position, changes in financial position, and cash flows of only the activities of the Authority. They do not purport to, and do not, present fairly the financial position of Tulsa County, Oklahoma as of December 31, 2023, and the changes in its financial position or its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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 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 opinions. 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 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 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 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 the 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; and
- 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the Authority's proportionate share of the net pension liability, schedule of the Authority's pension contributions, and the schedule of the Authority's proportionate share of the total OPEB liability on pages 4 through 7 and 26 through 28 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 GAAS, 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 June 21, 2024, 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 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 Authority's 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 Authority's internal control over financial reporting and compliance.



Tulsa, Oklahoma
June 21, 2024

**Management Discussion
and Analysis**

Management Discussion and Analysis

As management of Tulsa County Public Facilities Authority (the Authority), a public trust created for the use and benefit of the County of Tulsa (the County), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Facility and Ground Improvements

The Authority was part of a city-wide vision package approved in 2016. The total funding allocated to the Authority was \$30 million. The authorized projects were an additional barn which was completed in 2019, permanent outdoor stage and gate entrances which were completed in 2018 and pavilion roof repairs also completed in 2019.

Overview of the Financial Statements

The Authority is charged with establishing, promoting, maintaining, and operating agricultural and industrial expositions, fairs, trade shows, pari-mutuel horse racing, simulcast, and other recreational facilities, including the annual Tulsa State Fair and Tulsa County Fair on the Tulsa State Fairgrounds located in Tulsa County, Oklahoma. The Authority currently operates and maintains the Tulsa State Fairgrounds pursuant to a lease agreement, dated as of February 22, 1983, as amended, by and between the Authority and the County. The Authority is included in the County's Annual Comprehensive Financial Report (ACFR) as an enterprise fund.

Using This Annual Report

The following summarizes the content of the Authority's financial statements and related support:

- Management Discussion and Analysis.
- Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, Statement of Fiduciary Net Position, and Statement of Changes in Fiduciary Net Position.
- Notes to Financial Statements.

The Authority's financial statements conform to generally accepted accounting principles for units of local government as promulgated by the Government Accounting Standards Board.

The financial statements of the Authority are similar to those used by private sector companies. These statements show liquidity, debt level, and areas in which revenues are generated and expenses are incurred. The statements also reflect the master plan activity.

Statement of Net Position

Net position is an important indicator of the Authority's overall financial position. The Authority's net position increased approximately \$563 thousand to \$100.0 million on December 31, 2023, from approximately \$99.5 million on December 31, 2022. The Authority's net position as a percentage of total assets plus deferred outflows of resources was 87% and 86%, as of December 31, 2023, and 2022, respectively.

The following is a condensed summary of the Statement of Net Position for the years ending December 31, 2023 and 2022:

Condensed Statements of Net Position As of December 31 (in thousands):

	2023	2022
Current assets	\$ 25,324	\$ 23,222
Restricted assets	7,697	6,254
Capital assets, net	79,456	82,387
Total assets	112,477	111,863
Total deferred outflows of resources	1,982	3,209
Current liabilities	2,118	2,019
Non-current liabilities	4,475	7,525
Total liabilities	6,593	9,544
Total deferred inflows of resources	7,846	6,071
Net position		
Net investment in capital assets	79,082	81,725
restricted	7,697	6,254
unrestricted	13,241	11,478
Total net position	<u>\$ 100,020</u>	<u>\$ 99,457</u>

At December 31, 2023, total assets and deferred outflows decreased \$613 thousand due to a decrease of \$2.9 million in capital assets, net, as a result of depreciation and amortization expense outpacing asset additions, and to a decrease of \$1.2 million in deferred outflows of resources resulting from actuarial changes related to the pension. These decreases were then mostly offset by additions of \$2.1 million in current assets primarily from increases in cash and cash equivalents and accounts receivable, and \$1.4 million in restricted assets from increases in cash and cash equivalents including the receipt of insurance proceeds for storm damage.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position shows the financial activity that occurred during the year ending December 31, 2023. Revenue is compared to operating expenses to determine the operating income or loss for the year. This balance is then combined with non-operating revenues and expenses to arrive at the change in net position. The following is a condensed summary of the Statement of Revenues, Expenses, and Changes in Net Position for the years ending December 31, 2023 and 2022:

Condensed Statements of Revenues, Expenses and Changes in Net Position Years Ended December 31 (in thousands):

	<u>2023</u>	<u>2022</u>
Revenues		
Operating	\$ 32,535	\$ 27,689
Nonoperating	<u>6,328</u>	<u>10,403</u>
Total revenues	38,863	38,092
Expenses		
Operating - Depreciation & amortization	9,072	9,023
Other operating expenses	29,225	25,328
Nonoperating expenses and losses	<u>3</u>	<u>15</u>
Total expenses	38,300	34,366
Change in net position	563	3,726
Net position, beginning of year	<u>99,457</u>	<u>95,731</u>
Net position, end of year	<u>\$ 100,020</u>	<u>\$ 99,457</u>

Total revenue increased \$771 thousand from December 31, 2022, to December 31, 2023, due largely to continued increases in event revenue along with relatively flat state fair revenue. This was further improved by the addition of \$1.9 million of bedding and feed revenue, and the initial insurance proceeds received relating to storm damage of \$2.7 million. These items collectively exceeded the decrease in contributions from Tulsa County from previous CARES and ARP-related funding of \$7 million.

Total expenses also increased year-over-year by \$3.9 million, which corresponds with the increased operating revenue items as previously mentioned. Expenses directly related to the fair and other major events, including employee labor, catering and concessions, and other miscellaneous costs, were increased approximately \$3.9 million.

Capital Assets

As of December 31st the Authority had the following capital asset balances:

Capital Assets As of December 31 (in thousands):

	<u>2023</u>	<u>2022</u>
Land	\$ 1,146	\$ 1,146
Construction in progress	3,633	2,204
Buildings and systems	205,004	202,372
Machinery and equipment	18,452	17,678
Leased assets - equipment	<u>940</u>	<u>940</u>
Total	229,175	224,340
Accumulated depreciation/amortization	<u>(149,719)</u>	<u>(141,953)</u>
Capital assets, net	<u>\$ 79,456</u>	<u>\$ 82,387</u>

Capital assets before depreciation increased by approximately \$4.8 million from December 31, 2022, to December 31, 2023, due to ongoing capital expenditures that were partially offset in the current year by the disposal of old assets.

See additional discussion in Note 3 of the financial statements.

Long-term Debt

Outstanding long-term debt related to the lease obligation decreased \$288 thousand during calendar year 2023, due to payments occurring as scheduled.

See additional discussion in Note 5 to the financial statements.

Request for Information

This financial report is designed to give the reader a general overview of the Authority's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Shanna Dutton, Chief Financial Officer, at Expo Square, 4145 East 21st Street, Tulsa, Oklahoma 74114.

Financial Statements

Tulsa County Public Facilities Authority

Statement of Net Position

December 31, 2023

Assets

Current assets

Cash and cash equivalents	\$ 17,563,446
Accounts receivable	1,454,473
Lease receivable	5,894,146
Prepaid expenses and other	168,888
Inventories	243,351
Total current assets	<u>25,324,304</u>

Restricted assets

Cash and cash equivalents	<u>7,697,400</u>
Total restricted assets	<u>7,697,400</u>

Non-current assets

Nondepreciable capital assets	4,779,336
Depreciable capital assets, net of depreciation/amortization	<u>74,676,476</u>
Total non-current assets	<u>79,455,812</u>

Total assets 112,477,516

Deferred outflows of resources

Pension	<u>1,981,725</u>
Total deferred outflows	<u>1,981,725</u>

Total assets and deferred outflows of resources \$ 114,459,241

The accompanying notes are an integral part of these financial statements.

Tulsa County Public Facilities Authority

Statement of Net Position

December 31, 2023

Liabilities

Current liabilities

Accounts payable	\$	993,468
Other accrued expenses		570,146
Unearned credits and event revenue		255,707
Lease obligation liability, current portion		298,540
Total current liabilities		<u>2,117,861</u>

Non-current liabilities

Net pension liability		4,399,826
Lease obligation liability		75,465
Total non-current liabilities		<u>4,475,291</u>

Total liabilities		<u>6,593,152</u>
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Deferred inflows of resources

Pension		2,095,480
Leases		5,750,325
Total deferred inflows		<u>7,845,805</u>

Net position

Net investment in capital assets		79,081,807
Restricted for capital projects		7,697,400
Unrestricted		13,241,077
Total net position		<u>100,020,284</u>

Total liabilities, deferred inflows, and net position	\$	<u>114,459,241</u>
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The accompanying notes are an integral part of these financial statements.

Tulsa County Public Facilities Authority

**Statement of Revenues, Expenses
and Changes in Net Position**

Year Ended December 31, 2023

Operating revenues

State fair revenue		
Admissions	\$	2,993,485
Midway commissions		2,239,212
Third party concessions		168,455
Third party vendor		2,183,762
Parking		1,256,196
Food and beverage		988,827
Ticketed shows		463,044
Livestock		755,259
Fair sponsorships		249,964
Other state fair revenue		18,563
Total state fair revenue		<u>11,316,767</u>
Event revenue		
Building rental		3,495,827
Equipment rental		1,729,767
Catering and concessions		6,368,309
Security		359,043
Box office fees		201,741
Facilities surcharges		229,297
Telecommunication and utilities		279,183
Other event revenue		277,121
Total event revenue		<u>12,940,288</u>
Fair meadows revenue		
Mutuel commissions		1,541,602
Sports grill revenue		168,509
Program sales		76,583
Tribal gaming revenue		2,009,243
Other fair meadows revenue		59,004
Total fair meadows revenue		<u>3,854,941</u>
Other revenue		
Exposerve royalties		161,218
RV park revenue		1,509,570
Bedding and feed revenue		1,861,895
Hotel and waterpark revenue		226,675
Sponsorship revenue		442,610
Other operating revenue		220,788
Total other revenue		<u>4,422,756</u>
Total operating revenue	\$	<u>32,534,752</u>

The accompanying notes are an integral part of these financial statements.

Tulsa County Public Facilities Authority

**Statement of Revenues, Expenses
and Changes in Net Position**

Year Ended December 31, 2023

Operating expenses

Direct expenses

Direct employee costs	\$ 2,945,094
Temporary personnel - events	1,353,576
Catering and concessions	3,247,671
Simulcast and racing expenses	984,563
Sports grill expenses	188,741
Other event expenses	4,878,866
Total direct expenses	<u>13,598,511</u>

Other expenses

Personnel	6,230,935
Depreciation and amortization	9,072,255
Utilities and telephone	3,412,618
Supplies and printing	416,938
Professional services	618,374
Maintenance and repairs	1,770,189
Insurance	1,056,793
Equipment rental	410,995
Food and beverage	1,141,820
Vehicle expenses	224,305
Other expenses	342,552
Total management and general	<u>24,697,774</u>

Total operating expenses 38,296,285

Operating loss (5,761,533)

Non-operating revenues (expenses)

Contributions from Tulsa County	3,240,000
Interest expense	(3,192)
Interest income	244,198
Gain on capital asset retirements	139,286
Insurance proceeds	2,704,636
Net non-operating revenues	<u>6,324,928</u>

Change in net position 563,395

Net position at beginning of the year 99,456,889

Net position at end of the year \$ 100,020,284

The accompanying notes are an integral part of these financial statements.

Tulsa County Public Facilities Authority

Statement of Cash Flows

Year Ended December 31, 2023

OPERATING ACTIVITIES

Cash received from customers	\$ 31,416,400
Cash paid to suppliers	(18,916,473)
Cash paid for salaries, employee benefits and taxes	(9,770,187)
Interest received related to leases	95,702
Net cash provided by operating activities	<u>2,825,442</u>

CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	(6,228,454)
Proceeds from the sale of capital assets	226,523
Insurance proceeds	2,704,636
Principal payments on lease obligation payable	(288,045)
Interest payments on lease obligation payable	(3,192)
Contributions from Tulsa County	3,240,000
Net cash used in financing activities	<u>(348,532)</u>

INVESTING ACTIVITIES

Interest received on cash	148,496
Net cash provided by investing activities	<u>148,496</u>

Net increase in cash and cash equivalents 2,625,406

Balances - beginning of year 22,635,440

Balances - end of year \$ 25,260,846

The accompanying notes are an integral part of these financial statements.

Tulsa County Public Facilities Authority

Statement of Cash Flows

Year Ended December 31, 2023

Reconciliation to Statement of Net Position:

Cash and cash equivalents	\$ 17,563,446
Restricted cash and cash equivalents	<u>7,697,400</u>
Total cash and cash equivalents, end of year	<u>25,260,846</u>

**Reconciliation of operating loss to net cash provided
by operating activities:**

Operating loss	(5,761,533)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	9,072,255
Change in assets, liabilities, liabilities, deferred inflows and outflows:	
Accounts receivable	(1,092,832)
Prepaid event and other expenses	47,222
Lease receivable	184,698
Inventories	(58,918)
Deferred outflows of resources	1,227,300
Accounts payable	(53,672)
Other accrued expenses	245,576
Net pension liability	(2,751,504)
Unearned credits and event revenue	(104,067)
Deferred inflows of resources	1,775,215
Interest received related to leases	<u>95,702</u>

Net cash provided by operating activities \$ 2,825,442

The accompanying notes are an integral part of these financial statements.

Tulsa County Public Facilities Authority

Statement of Fiduciary Net Position

December 31, 2023

	<u>Horse Racing Funds</u>
Assets	
Cash and cash equivalents	<u>\$ 587,633</u>
Total assets	<u>587,633</u>
Net position	
Restricted for individuals and organizations	<u>587,633</u>
Total net position	<u>587,633</u>
Total liabilities and net position	<u>\$ 587,633</u>

The accompanying notes are an integral part of these financial statements.

Tulsa County Public Facilities Authority

Statement of Changes in Fiduciary Net Position

For the year ended December 31, 2023

	<u>Horse Racing Funds</u>
Additions:	
Contributions	
Individuals and organizations	<u>\$ 3,859,903</u>
Total contributions	<u>3,859,903</u>
Investment Income	
Interest	<u>28,311</u>
Net investment income	<u>28,311</u>
Total additions	<u>3,888,214</u>
Deductions:	
Payments to individuals and organizations	<u>3,718,171</u>
Total deductions	<u>3,718,171</u>
Net increase	<u>170,043</u>
Net position, restricted	
Beginning of Year	<u>417,590</u>
End of Year	<u>\$ 587,633</u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

December 31, 2023

Note 1 - Significant Accounting Policies

Summary of Significant Accounting Policies

The accounting and reporting policies of Tulsa County Public Facilities Authority (the Authority) conform to generally accepted accounting principles for units of local government as promulgated by the Governmental Accounting Standards Board (GASB).

Organization and Purpose

The Authority is a public trust established under the provisions of the Oklahoma Trust Act on January 17, 1983. The Authority commenced operations on March 1, 1983, and, as successor to the Tulsa County Fairgrounds Trust Authority, operates and manages certain properties owned by Tulsa County, Oklahoma (the County), commonly referred to as the Tulsa County Fairgrounds located at Expo Square. The Authority is included in the County's annual comprehensive financial report as an enterprise fund.

The financial statements of the Authority are intended to present the financial position and changes in financial position of only that portion of the enterprise fund information of the County that is attributable to the transactions of the Authority, and not those of the entire County. The fiduciary fund statements consist of funds collected and disbursed by the Horsemen's Bookkeeper per Title 3A OS Section 208.13 of the Oklahoma Statutes. The year-end balance reflected consists of simulcast monies received outside of the racing meet that will be used as future purses.

Basis of Accounting

Accrual basis accounting is used by the Authority. Under this method of accounting, revenues are recognized when earned and expenses are recorded when incurred.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to facility surcharges or other long-term purposes are excluded from this definition.

Restricted Assets

Certain assets of the Authority are restricted for payment of capital expenditures.

Accounts Receivable

Accounts receivable are short-term, non-interest bearing and uncollateralized and carried at original invoice amount.

An account receivable is considered to be past due if any portion of the receivable balance is outstanding past the terms of the specific sales contract. An allowance for doubtful accounts is established by management, based on past experience and analysis of current receivable collectability.

Notes to Financial Statements

December 31, 2023

The Authority considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

Inventories

Inventories consist of food, beverage and sundry items and are stated at the lower of cost, determined on a first-in, first-out basis, or net realizable value.

Capital Assets

The Authority's capital assets with useful lives of more than one year are stated at cost or acquisition value if acquired by gift. Capital assets which are sold or retired have their cost and related accumulated depreciation removed from the records. The related gain or loss is recorded in the period of sale or retirement. Repairs and maintenance are charged to expense as incurred. Major renewals or betterments are capitalized.

Depreciation is provided using the straight-line method, based on the estimated useful lives of the assets which range from 3 to 45 years. Intangible leased assets are amortized over the life of the associated contract.

The Authority records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended December 31, 2023.

Prepaid Event Expenses and Unearned Revenue

Revenue from events, such as the annual State Fair and horse racing meet events, and the related expenses, is not recognized until occurrence of the event, at which time the related revenue and any expenses are then recognized.

Facilities Surcharge and Excise Tax Revenue

As of July 1999, the Authority implemented an event surcharge of \$1.00 per person on each admission to certain events held at the Tulsa State Fairgrounds. The event surcharge is earmarked for capital improvements at the Tulsa State Fairgrounds as described in the Expo Square Master Plan. Also, an excise tax was levied by the County which may be used for the purpose of making capital improvements at Expo Square and/or pledged and applied toward the payment of principal, premium, and interest on indebtedness. For the year ending December 31, 2023, the Authority received \$3,240,000 in excise tax revenue from the County. These amounts are included in nonoperating revenues (expenses) on the statements of revenue, expenses and changes in net position.

Income Taxes

As a political subdivision, the Authority is exempt from federal income taxes under Section 115(1) of the Internal Revenue Code. As a result, if the Authority maintains its tax exemption, it will not be subject to income tax.

Notes to Financial Statements

December 31, 2023

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Standard

As of January 1, 2023, the Authority adopted GASB Statement No. 96, Subscription Based Information Technology Arrangements (SBITAs). The objective of the statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for SBITAs by governments. The impact to the Authority had no significant effect on the financial statements.

Subsequent Events

The Authority has evaluated subsequent events through June 27, 2024, the date on which the financial statements were available to be issued.

As a result of storm damage from June 2023, over \$6 million in property damage was incurred by the Authority. However, no capital assets were deemed to be impaired per GASB Statement No. 42. Not all insurance proceeds for this damage were received during the calendar year. Additionally, a portion of the damage will be covered by a FEMA grant with the Authority having received \$485,862 for this purpose through April 2024. At this time, the final insurance proceeds and FEMA grant-related funding amounts have not been finalized.

Note 2 - Cash and Cash Equivalents

Current Cash and Cash Equivalents – Balances

Current cash and cash equivalents of \$17,563,446 consists of various demand accounts that collectively totaled \$10,713,446 on December 31, 2023, and a capital expenditures and contingency account that totaled \$6,850,000.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents at year end consisted of the following primary components: \$4,018,780 in ARP funds for HVAC and electrical infrastructure upgrades, \$2,665,884 in insurance proceeds from the June 2023 windstorm damage, \$1,012,116 in facility surcharges, and \$620 for other purposes. In accordance with state statutes, authorized cash equivalents consist of obligations of the U.S. Treasury, agencies and instrumentalities, investment contracts, commercial paper, repurchase agreements and money market accounts. The balance of restricted cash and cash equivalents on December 31, 2023, was \$7,697,400.

Notes to Financial Statements

December 31, 2023

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a policy to limit custodial credit risk. However, the Authority obtained adequate pledged securities for all account balances excluding the amounts deemed fiduciary in the Horse Racing Funds, which were exposed to a credit risk of \$337,633 at calendar year-end.

Note 3 - Capital Assets

Capital assets activity for the year ended December 31, 2023, was as follows:

	Balance at January 1, 2023	Additions	Transfers	Disposals	Balance at December 31, 2023
Capital assets not being depreciated:					
Land	\$ 1,146,200	\$ -	\$ -	\$ -	\$ 1,146,200
Construction in progress	2,203,814	4,343,081	(2,913,759)	-	3,633,136
Total capital assets not being depreciated	<u>3,350,014</u>	<u>4,343,081</u>	<u>(2,913,759)</u>	<u>-</u>	<u>4,779,336</u>
Depreciable capital assets:					
Buildings and systems	202,371,029	180,978	2,590,821	(139,385)	205,003,443
Machinery and equipment	17,678,282	1,704,395	322,938	(1,254,127)	18,451,488
Total depreciable capital assets	<u>220,049,311</u>	<u>1,885,373</u>	<u>2,913,759</u>	<u>(1,393,512)</u>	<u>223,454,931</u>
Less accumulated depreciation for:					
Buildings and systems	(129,469,636)	(7,623,396)	-	121,910	(136,971,122)
Machinery and equipment	(12,193,875)	(1,153,549)	-	1,178,405	(12,169,019)
Total accumulated depreciation	<u>(141,663,511)</u>	<u>(8,776,945)</u>	<u>-</u>	<u>1,300,315</u>	<u>(149,140,141)</u>
Other assets:					
Leased assets - equipment	940,385	-	-	-	940,385
Total other assets	<u>940,385</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>940,385</u>
Less accumulated amortization					
Leased assets - equipment	(289,349)	(289,350)	-	-	(578,699)
Total accumulated amortization	<u>(289,349)</u>	<u>(289,350)</u>	<u>-</u>	<u>-</u>	<u>(578,699)</u>
Depreciable and other capital assets, net	<u>79,036,836</u>	<u>(7,180,922)</u>	<u>2,913,759</u>	<u>(93,197)</u>	<u>74,676,476</u>
Total capital assets, net	<u>\$ 82,386,850</u>	<u>\$ (2,837,841)</u>	<u>\$ -</u>	<u>\$ (93,197)</u>	<u>\$ 79,455,812</u>

Depreciation expense was \$8,776,945 and amortization expense was \$289,350 for the year ended December 31, 2023.

All capital assets are subject to an agreement dated February 22, 1983, with the Board of Commissioners of Tulsa County which, as amended, extends to March 1, 2043. The agreement covers all land, buildings, equipment, and other properties.

The terms of the agreement provide that the Authority will manage and use the property in exchange for utilizing the property for purposes which are in the best interest of the citizens of Tulsa County. The agreement requires County Commissioner approval for capital expenditures in excess of \$100,000, any sublease of the property for a term exceeding two years, and the issuance of any revenue bonds. At the termination of the lease, ownership of all assets used or acquired in connection with the leased premises reverts to the County.

Notes to Financial StatementsDecember 31, 2023

Note 4 - Leases Receivable

The Authority as a lessor, has entered into lease agreements involving land, buildings, and a water park. The total amount of inflows of resources, including lease revenue of \$184,698 and interest revenue of \$95,702 recognized during the calendar year totaled \$280,400.

Lease receivables balances at December 31, 2023 for the related contracts consisted of the following:

EXPO Invest - hotel	\$ 3,586,474
SBA Communications - tower	210,080
Splash Action - water park	1,628,351
U.S. Cellular - tower	<u>469,241</u>
 Total lease receivable	 <u>\$ 5,894,146</u>

The remaining lease receipts as split between lease and interest revenue are as follows:

<u>Year Ended December 31</u>	<u>Lease Revenue</u>	<u>Interest Revenue</u>	<u>Total</u>
2024	\$ 189,296	\$ 93,104	\$ 282,400
2025	194,102	90,438	284,540
2026	200,889	87,691	288,580
2027	206,735	84,850	291,585
2028	212,673	81,927	294,600
2029-2033	1,161,700	362,583	1,524,283
2034-2038	621,090	288,644	909,734
2039-2043	453,850	248,293	702,143
2044-2048	537,851	205,924	743,775
2049-2053	538,035	158,306	696,341
2054-2058	565,022	112,339	677,361
2059-2063	651,736	60,177	711,913
2064-2066	361,167	8,106	369,273
	<u>\$ 5,894,146</u>	<u>\$ 1,882,382</u>	<u>\$7,776,528</u>

The discount rates used for the above calculations ranged from 1.29% to 1.72%.

Notes to Financial StatementsDecember 31, 2023

Note 5 - Long-term Liabilities

Long-term liability for the year ended December 31, 2023, consists of the following:

	<u>January 1, 2023</u>	<u>Reductions</u>	<u>December 31, 2023</u>	<u>Amount Due Within One Year</u>
Lease obligation	\$ 662,050	\$ 288,045	\$ 374,005	\$ 298,540
Total long-term debt liabilities	<u>\$ 662,050</u>	<u>\$ 288,045</u>	<u>\$ 374,005</u>	<u>\$ 298,540</u>

Lease Obligation

The Authority as a lessee, has entered into a lease agreement for terminals and equipment relating to racing with United Tote. The lease is paid monthly at a rate of \$23,735 at the beginning of 2023 with 3% annual increases occurring each April. The current term of the lease is set to expire in 2025. At the end of calendar year 2023, the remaining balance on the lease obligation was \$374,005.

Future minimal lease payments as calculated based upon a discount rate of 0.60% are as follows:

<u>Year Ended December 31</u>	<u>Expense</u>	<u>Interest</u>	<u>Total</u>
2024	\$298,540	\$1,431	\$299,971
2025	75,465	78	75,543
	<u>\$374,005</u>	<u>\$1,509</u>	<u>\$375,514</u>

Note 6 - Racing Operations

The Authority must apply to the Oklahoma Horse Racing Commission annually to be awarded racing days. For the year ended December 31, 2023, the Authority was awarded and held 34 days. The Authority also held simulcast races throughout the year.

The Authority retains a pari-mutuel commission based on the total amount of pari-mutuel wagering during a racing meet. The percentages of the total wagered which can be retained by the Authority are set by Oklahoma law. The Authority must pay all purses and operating costs of the racing meet from the commission. The total amount wagered on live racing during 2023 was approximately \$1,913,000 with approximately \$630,000 of that total wagered directly for Fair Meadows events. The total amount wagered during 2023 from simulcasting was approximately \$18,703,000.

Note 7 - Related Party Transactions

The County provides, at its cost, certain printing and office supplies to the Authority, which are used for administrative purposes. During the year ending December 31, 2023, the Authority paid the County approximately \$30,000 for these items.

Notes to Financial Statements

December 31, 2023

Note 8 - Retirement Plan

The Authority accounts for pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting For Pensions*.

The Authority provides all full-time employees retirement benefits through participation in the Tulsa County Employees' Retirement System (the System), a single employer defined benefit pension plan, which covers participants with retirement, death, and disability benefits. A nine-member Board of Trustees administers the System. Benefit terms are established and can be amended by the Systems Board of Trustees. The System issues stand-alone financial statements, which can be obtained from Tulsa County at 218 West 6th Street, Tulsa, Oklahoma 74119, or online at www.tulsacounty.org.

The System and Tulsa County have a June 30 year end. The System's pension liability was based on actuarial valuations as of June 30, 2023. Tulsa County has elected to use the preceding year-end of the System as its measurement date. Net pension liability and related deferred outflows and inflows are reported as of June 30, 2023. Pension payments by the Authority from the measurement date and the Authority's year-end are reported as deferred outflows of resources.

Employer contributions between the measurement date of June 30 and the Authority's year-end are reported as deferred outflows of resources. On December 31, 2023, these payments amounted to \$202,312.

Plan Description and Provisions

Membership in the System is mandatory for all eligible employees. An employee becomes eligible on the first day of employment as a regular, full-time employee. Oklahoma Statutes include elected and appointed salaried County officials as employees for retirement system purposes. Seasonal, temporary, hourly, part-time, or contracted workers are not considered to be eligible employees. Full-time employees of the Authority, along with other employees of the County and certain related agencies, participate in this plan.

For the plan year ended December 31, 2023, the Authority's covered payroll was \$2,347,175, and total payroll for all covered employees of the plan amounted to \$90,275,948. The Authority's share (2.60%) of the net pension liability was determined based on this ratio.

Normal Retirement Benefits

Benefits are determined by multiplying the average of the highest paid three years of annual salary times a percentage based on the years of credited service at the date of retirement. A member is fully vested after five years of full-time service as a regular employee. The five-year period is not required to be continuous. Unreduced benefits may be received at age 62. A member may also be eligible for full benefits under the "Rule of 80" in which the total service time and the employee's age equals 80. The System allows an employee who has attained age 55 with at least five years of credited service the opportunity to draw retirement benefits at an actuarially reduced percentage from the normal rate at age 62.

Notes to Financial Statements

December 31, 2023

Contributions

Title 19 OSA 954 of the Oklahoma Statutes provides for annual contributions to be made by Tulsa County (including the Authority) for amortizing any net pension liability. The Board of Trustees of the System recommends to the Board of County Commissioners (BOCC) the percentage of the employer and employees' contribution level to be contributed to the System. The BOCC, within the limits allowed by law, establishes both the employer and employee levels of contributions to support the System.

Beginning July 1, 2019, the total employer and employee contributions shall not exceed 18.5% of the monthly compensation of each member.

Until June 30, 2019, the employer contribution rate was 14 percent. Effective July 1, 2020, the BOCC and the Board of Trustees of the System approved a resolution changing the employer contribution rate to 15%.

For the year ended December 31, 2023, the employee contribution rate was 3.5% of the base salary per month.

There are no legally required reserve accounts for the System's fiscal year ending June 30, 2023.

Actuarial Assumptions

The following are the key assumptions used in the System's actuarial valuation as of June 30, 2023:

Discount rate	6.00%
Long-term expected rate of return	6.00%
Valuation date	July 1, 2023
Measurement date	June 30, 2023
Inflation	2.35%
Salary increase including inflation	5.25 % grading down to 2.75%
Mortality	PUB2010 General Amount Weighted Mortality, set forward 2 years, with generational projection using MP-2021 improvement scales
Actuarial cost method	Entry Age Normal

The actuarial assumptions that determined the total pension liability as of December 31, 2023, were based on the results of an actuarial experience study for the period July 1, 2017, to June 30, 2022.

Notes to Financial Statements

December 31, 2023

Long-Term Expected Rate of Return

The current asset allocation and the best estimates of the arithmetic expected real rates of return for each major asset class as of December 31, 2023, is summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
US Core Fixed Income	15.00%	2.07%
US Intermediate Bonds	8.00%	1.63%
US High Yield Bonds	6.00%	4.00%
US Large Caps	19.00%	5.42%
US Mid-Caps	28.00%	6.00%
Foreign Developed Equity	12.00%	6.89%
Private Real Estate Property	6.00%	4.98%
Master Limited Partnerships	6.00%	7.17%

Pension Liabilities, Pension Expense, and Deferred Outflow/Inflows of Resources

On December 31, 2023, the Authority reported a liability of \$4,399,826 for its proportionate share of the net pension liability. The Authority's proportion of the net pension liability was based on the Authority's covered payroll relative to total covered payroll for Tulsa County. Based upon this information, the Authority's proportion was 2.6% and for the year ended December 31, 2023.

For the year ended December 31, 2023, the Authority recognized pension expense of \$508,451. On December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 105,108	\$ 25,087
Changes of assumptions	1,398,528	2,070,393
Change in proportion	197,827	-
Contributions during the measurement period	26,905	-
Contributions subsequent to the measurement date	202,312	-
Net difference between projected and actual earnings on pension plan investments	51,045	-
Total	<u>\$ 1,981,725</u>	<u>\$ 2,095,480</u>

Notes to Financial Statements

December 31, 2023

Deferred outflows of resources of \$202,312 were related to pensions resulting from Authority contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending December 31, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2024	\$ (79,017)
2025	(79,017)
2026	(79,017)
2027	<u>(79,016)</u>
Total	<u>\$ (316,067)</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The net pension liability of the Authority for the year ended December 31, 2023, is calculated using the discount rate of 6.00%. The following presents what the Authority's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher than the current rate.

	1% Decrease <u>(5.00%)</u>	Current Discount Rate <u>(6.00%)</u>	1% Increase <u>(7.00%)</u>
Authority's net pension liability	<u>\$6,102,517</u>	<u>\$ 4,399,826</u>	<u>\$3,003,308</u>

Note 9 - Contingencies

The Authority is involved in legal proceedings in the normal course of operations, none of which, in the opinion of management, will have a material effect on the net position or changes in net position of the Authority.

**Tulsa County Public Facilities Authority
Required Supplementary Information
December 31, 2023**

Tulsa County Public Facilities Authority
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Authority's proportion of the net pension liability	3.17%	2.76%	2.80%	2.80%	3.20%
Authority's proportionate share of the net pension liability	\$ 563,443	\$1,113,629	\$ 2,168,576	\$1,972,036	\$2,807,622
Authority's covered payroll	\$2,296,768	\$2,121,982	\$ 2,331,204	\$2,150,288	\$2,447,991
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	24.53%	52.48%	93.02%	91.71%	114.69%
Measurement date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Plan fiduciary net position as a percentage of the total pension liability	94.00%	87.12%	77.49%	80.14%	76.86%
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Authority's proportion of the net pension liability	3.20%	2.40%	2.20%	2.50%	2.60%
Authority's proportionate share of the net pension liability	\$3,956,664	\$4,070,127	\$ 2,921,377	\$7,151,330	\$4,399,826
Authority's covered payroll	\$2,573,231	\$2,001,618	\$ 1,743,436	\$2,136,377	\$2,347,175
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	153.76%	203.34%	167.56%	334.74%	187.45%
Measurement date	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Plan fiduciary net position as a percentage of the total pension liability	70.04%	62.64%	72.20%	50.95%	65.73%

Notes to Schedule:

The discount rate decreased from 6.00% to 4.75% as of June 30, 2022.

The discount rate increased from 4.75% to 6.00% as of June 30, 2023.

Tulsa County Public Facilities Authority
 Schedule of Pension Contributions
 Last 10 Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractual required contribution	\$ 346,483	\$ 334,992	\$ 326,369	\$ 342,470	\$ 342,719
Contributions in relation to the contractually required contribution	<u>325,340</u>	<u>334,992</u>	<u>326,369</u>	<u>342,470</u>	<u>342,719</u>
Contribution deficiency	<u>21,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Authority's covered payroll	\$2,296,768	\$2,121,982	\$ 2,331,204	\$ 2,150,288	\$2,447,991
Contributions as a percentage of covered payroll	15.09%	15.79%	14.00%	15.93%	14.00%
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractual required contribution	\$ 389,170	\$ 313,252	\$ 309,612	\$ 344,548	\$ 398,445
Contributions in relation to the contractually required contribution	<u>355,309</u>	<u>299,384</u>	<u>278,816</u>	<u>327,768</u>	<u>360,926</u>
Contribution deficiency	<u>33,861</u>	<u>13,868</u>	<u>30,796</u>	<u>16,780</u>	<u>37,519</u>
Authority's covered payroll	\$2,573,231	\$2,001,618	\$ 1,743,436	\$ 2,136,377	\$2,347,175
Contributions as a percentage of covered payroll	15.12%	15.65%	17.76%	16.13%	16.98%

Tulsa County Public Facilities Authority
 Schedule of Proportionate Share of the Total OPEB Liability
 Last 10 Fiscal Years*

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Authority's proportion of the total OPEB liability	2.61%	2.61%	2.61%	2.77%
Authority's proportionate share of the total OPEB liability	\$ 142,557	\$ 139,144	\$ 147,958	\$ 131,931
Authority's covered payroll	\$2,078,531	\$2,127,256	\$2,118,046	\$2,268,426
Authority's proportionate share of the total OPEB liability as a percentage of its covered payroll	6.86%	6.54%	6.99%	5.82%

Notes to Schedule:

*Only active years since implementation of GASB 75 through the termination of the plan are presented.

Effective July 1, 2020, the retirees in the Plan were transferred into a separate plan outside of the Authority and the County. The data above is related to the plan information through 2019.



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 County Public Facilities Authority
Tulsa, Oklahoma

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 (*Government Auditing Standards*), the financial statements of the business-type activities and fiduciary fund information of the Tulsa County Public Facilities Authority (the Authority), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated June 21, 2024.

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) as a basis for designing 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.

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 the 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 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 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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Tulsa, Oklahoma
June 21, 2024