

**CITY OF GRAYSON TOURISM AND
CONVENTION COMMISSION**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT


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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of the
City of Grayson Tourism and Convention Commission
Grayson, Kentucky 41143

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Grayson Tourism and Convention Commission (the "Commission"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission'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 financial position of the governmental activities and each major fund of the City of Grayson Tourism and Convention Commission, as of June 30, 2023, and the respective changes in financial position 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 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 City of Grayson Tourism and Convention Commission 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America 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 City of Grayson Tourism and Convention Commission'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 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 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 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 City of Grayson Tourism and Convention Commission'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 City of Grayson Tourism and Convention Commission'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

Required Supplementary Information

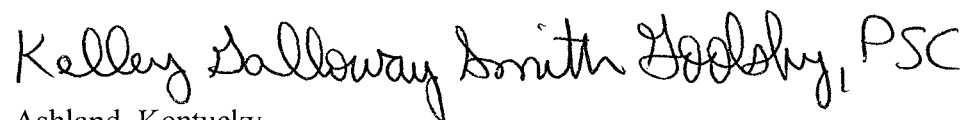
Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 16 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the

United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2024 on our consideration of the Commission'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 the Commission'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 Commission's internal control over financial reporting and compliance

Handwritten signature of Kelley Dalloway Smith Godshy, PSC in black ink.

Ashland, Kentucky
January 3, 2024

CITY OF GRAYSON TOURISM AND CONVENTION COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental- Type Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 342,831
Restricted cash	729,777
Accounts receivable	85,409
Prepaid insurance	7,514
Noncurrent assets:	
Capital assets, not being depreciated	775,000
Capital assets, being depreciated, net	<u>7,087,168</u>
Total assets	<u>9,027,699</u>
 LIABILITIES	
Accounts payable	-
Current portion of long-term debt	193,236
Payroll liabilities	<u>9,872</u>
Total current liabilities	<u>203,108</u>
 Long-term debt	<u>6,758,172</u>
Total liabilities	<u>6,961,280</u>
 NET POSITION	
Net investment in capital assets	910,760
Restricted	729,777
Unrestricted	<u>425,882</u>
Total net position	<u>\$ 2,066,419</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF GRAYSON TOURISM AND CONVENTION COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net Expense and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
Tourism and promotion	\$ 907,917	\$ -	\$ -	\$ -	\$ (907,917)
Interest expense	259,796	-	-	-	(259,796)
Total governmental activities	1,167,713	-	-	-	(1,167,713)
Total primary government	\$ 1,167,713	\$ -	\$ -	\$ -	(1,167,713)
General revenues:					
Taxes:					
Restaurant taxes					912,231
Hotel taxes, levied for general purposes					57,802
Sports park concession					153,652
Sports park fees					36,981
Investment income					92
Other					411
Total general revenues and transfers					1,161,169
Change in net position					(6,544)
Net position, June 30, 2022					2,072,963
Net position, June 30, 2023					\$ 2,066,419

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF GRAYSON TOURISM AND CONVENTION COMMISSION
BALANCE SHEET AND RECONCILIATION TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Construction Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 342,831	\$ -	\$ 342,831
Restricted cash	729,777	-	729,777
Accounts receivable	85,409	-	85,409
Prepaid insurance	7,514	-	7,514
Total assets	<u>\$ 1,165,531</u>	<u>\$ -</u>	<u>\$ 1,165,531</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Payroll liabilities	9,872	-	9,872
Total liabilities	<u>9,872</u>	<u>-</u>	<u>9,872</u>
Fund balances			
Unreserved -			
Restricted	729,777	-	729,777
Nonspendable	7,514	-	7,514
Unassigned	418,368	-	418,368
Total fund balances	<u>1,155,659</u>	<u>-</u>	<u>1,155,659</u>
Total liabilities and fund balances	<u>\$ 1,165,531</u>	<u>\$ -</u>	<u>\$ 1,165,531</u>

Reconciliation of the Balance Sheet-Governmental Funds
to the Statement of Net Position-

Total governmental fund balance	\$ 1,155,659
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Amounts reported for governmental activities in the
Statement of Net Position are different because:

The following assets (liabilities) used in governmental activities are not
financial resources and therefore are not reported in the funds-

Assets:

Capital assets	7,862,168
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Liabilities:

Long-term debt	(6,951,408)
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Net Position, end of year - governmental activities	<u>\$ 2,066,419</u>
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The accompanying notes to financial statements
are an integral part of this statement.

CITY OF GRAYSON TOURISM AND CONVENTION COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Construction Fund</u>	<u>Total Governmental Funds</u>
Restaurant tax	\$ 912,231	\$ -	\$ 912,231
Hotel taxes	57,802	-	57,802
Sports park concession	153,652	-	153,652
Sports park fees	36,981	-	36,981
Investment income	81	11	92
Other	404	7	411
Total receipts	<u>1,161,151</u>	<u>18</u>	<u>1,161,169</u>
Expenditures:			
Current:			
Debt service	424,530	-	424,530
Capital outlay	201,728	20,425	222,153
Tourism and promotion	418,531	-	418,531
Total expenditures	<u>1,044,789</u>	<u>20,425</u>	<u>1,065,214</u>
Other financing sources (uses):			
Transfer in (out)	(17,284)	17,284	-
Loan proceeds	480,000	-	480,000
Total other financing sources and uses	<u>462,716</u>	<u>17,284</u>	<u>480,000</u>
Net change in fund balances	579,078	(3,123)	575,955
Fund balances, June 30, 2022	<u>576,581</u>	<u>3,123</u>	<u>579,704</u>
Fund balances, June 30, 2023	<u><u>\$ 1,155,659</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,155,659</u></u>

The accompanying notes to financial statements
are an integral part of this statement.

**CITY OF GRAYSON TOURISM AND CONVENTION COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

NET CHANGE IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS	\$ 575,955
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Amounts reported for governmental activities in the statement of activities are:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation expense	(489,386)
Capital outlay	222,153

Generally, expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred for the following:

Amortization of discounts	(2,349)
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The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and interest consumes current financial resources of governmental funds.

Loan proceeds	(480,000)
Long-term debt principal payments	167,083

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (6,544)
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The accompanying notes to financial statements
are an integral part of this statement.

CITY OF GRAYSON TOURISM AND CONVENTION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(1) NATURE OF ORGANIZATION AND BASIS OF ACCOUNTING

The City of Grayson Tourism and Convention Commission (the "Commission") was established by City ordinance on September 5, 1995 pursuant to the authority set forth in KRS 91A.350(2) for the purpose of creating and promoting convention and tourist activity in the City of Grayson, Kentucky.

The Commission membership consists of seven people appointed by the Mayor pursuant to the authority set forth in KRS 91A.350(2). Appointments are for a term of three years. A chairman and a treasurer are elected from the membership of the Commission.

The funds for the Commission are derived from transient room and restaurant taxes authorized by Kentucky Revised Statutes. The transient room and restaurant taxes are collected by the City Treasurer and remitted to the Commission on a monthly basis.

The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies are described below.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

For financial statement reporting purposes, the Commission is considered a single purpose governmental entity. The Commission's basic financial statements consist of fund financial statements presented with adjustments reconciling to government-wide financial statements.

Government-Wide Financial Statements

The government-wide statements are financial statements (i.e., the Statement of Net Position and the Statement of Activities) that report information on all of the activities of the Commission.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This approach differs from the manner in which governmental fund financial statements are prepared. The financial statements include adjustments with explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between expenses and revenues for each governmental program.

Net position is reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Fund Financial Statements

The accounts of the Commission are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund and account group are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities,

fund balance, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements, in this report as follows:

Governmental Funds

General fund - the General fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. This is a major fund of the Commission.

Construction fund - the Construction fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the Commission.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, investment earnings and fees received from other governments are revenue sources that are deemed both measureable and available (i.e., collectible within the current year or within sixty days of year-end and available to pay obligations of the current period).

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measureable and are recorded when the related fund liability is incurred. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Cash and Cash Equivalents

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits, money market funds and short-term investments with original maturities of three months or less from the date of acquisition.

Restricted Assets

Certain proceeds of the Commission's financed purchase obligation, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because they are maintained in separate bank accounts and their use is limited by applicable debt covenants. In the absence of specific statutory provisions governing the issuance of financed purchase obligations, these monies may be invested in accordance with the ordinance, resolutions, or indentures specifying the types of investments its trustees or fiscal agents may make.

Capital Assets

Capital assets include land, furniture, fixtures, equipment, and building and improvements owned by the Commission. These assets are reported in the government-wide financial statements. Capital assets are stated on the basis of historical cost, or, if contributed, at fair market value at the dates received. Depreciation is computed using the straight-line method over the following useful lives for general capital assets:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	40 years
Land improvements	20 years
Equipment & Vehicles	3-20 years

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Debt Issuance Costs

Debt issuance costs are expensed in the period they are incurred.

Estimates

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

Budgeting

The Commission prepares an annual budget as required by the City of Grayson in establishing budgetary data reflected in the financial statement. The Commission's budget is approved by the Board of Commissioners.

Fund Balances

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by the Commission itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the Commission takes the action to remove or change the constraint;
- Assigned fund balance - amounts the Commission intends to use for a specific purpose (such as encumbrances); intent can be expressed by the Commission or by an official or body to which the Commission delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; unassigned amounts are reported only in the General Fund.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Recent Accounting Pronouncements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the

standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. Adoption of the provisions of this statement did not have a material effect on the Commission's financial statements.

In May 2022, the GASB issued Statement No. 99, *Omnibus 2022* ("GASB 99"), to provide guidance addressing various accounting and financial reporting issues identified during the implementation and application of certain GASB pronouncements or during the due process on other pronouncements. GASB 99 addresses, among other matters:

- Accounting and financial reporting for exchange or exchange-like financial guarantees;
- Clarification of certain provisions of Statement No.:
 - 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments,
 - 87, Leases,
 - 94, Public-Private and Public-Public Partnership and Availability Payment Arrangements,
 - 96, Subscription-Based Information Technology Arrangements (SBITA);
- Replacing the original deadline for use of the London Interbank Offered Rate (LIBOR) as a benchmark interest rate for hedges of interest rate risk of taxable debt with a deadline for when LIBOR ceases to be determined by the ICE Benchmark Administration using the methodology in place as of December 31, 2021;
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP);
- Disclosures related to non-monetary transactions; and
- Pledges of future revenues when resources are not received by the pledging government.

Requirements that relate to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures for non-monetary transactions, pledges of future revenues by pledging governments, clarifications of certain provisions in Statement No. 34, and terminology updates are effective upon issuance. Requirements related to leases, public-public and public-private partnerships (PPPs), and SBITAs are effective for fiscal years beginning after June 15, 2022, and for all reporting periods thereafter. Requirements related to other requirements related to derivative instruments are effective for fiscal years beginning after June 15, 2023, and for all reporting periods thereafter. Adoption of the provisions required upon issuance of this statement did not have a material effect on the Commission's financial statements. Management is currently evaluating the impact of the remaining provisions of this statement on its financial statements.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections (an amendment of GASB Statement No. 62)* ("GASB 100"), which has as its primary objective to provide more straightforward guidance that is easier to understand and is more reliable, relevant, consistent, and comparable across governments for making decisions and assessing accountability. Improving the clarity of accounting and financial reporting requirements for accounting changes and error corrections will mean greater consistency in the application of these requirements in general.

GASB 100 prescribes accounting and financial reporting for each category of accounting change and error corrections, requiring that:

- Changes in accounting principle and error corrections be reported retroactively by restating prior periods;
- Changes in accounting estimate be reported prospectively by recognizing the change in the current period; and
- Changes to and within the financial reporting entity be reported by adjusting beginning balances of the current period.
- Requires that governments disclose the effects of each accounting change and error correction on beginning balances in a tabular format.

The requirements of GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and for all reporting periods thereafter. Management is currently evaluating the impact of this Statement on its financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* ("GASB 101"), which supersedes the guidance in Statement No. 16, *Accounting for Compensated Absences*, issued in 1992. GASB 101 aligns recognition and measurement guidance for all types of compensated absences under a unified model. It also requires that a liability for specific types of compensated absences not be recognized until the leave is used. Additionally, it establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. For example, a liability for leave that has not been used would be recognized if the leave:

- Is attributable to services already rendered;
- Accumulates; and
- Is more likely than not to be used for time off or otherwise paid or settled. Some exceptions to this general rule include parental leave, military leave and jury duty leave for which a liability would not be recognized until the leave commences.

Additionally, GASB 101 (1) provides an alternative to the existing requirement to disclose the gross annual increases and decreases in long-term liability for compensated absences, allowing governments to disclose only the net annual change in the liability as long as it is identified as such; and (2) removes the disclosure of the government funds used to liquidate the liability for compensated absences. The requirements of GASB 101 are effective for fiscal years beginning after December 15, 2023. Management is currently evaluating the impact of this Statement on its financial statements.

(3) DEPOSITS AND OBLIGATIONS WITH FINANCIAL INSTITUTIONS

At June 30, 2023 the carrying amount was \$1,072,608. The bank balance is categorized as follows:

Amount insured by the FDIC	\$ 253,718
Amount collateralized	830,842
Total bank balance	<u>\$ 1,084,560</u>

(4) INCOME TAXES

The Commission qualifies as a local government taxing district and therefore is exempt from federal and state income taxes.

(5) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

<u>Governmental Activities</u>	<u>June 30, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2023</u>
Capital Assets, Not Depreciated:				
Land	\$ 775,000	\$ -	\$ -	\$ 775,000
Construction in progress	-	-	-	-
Capital Assets, Depreciated:				
Buildings	462,251	-	-	462,251
Land improvements	7,360,835	206,133	-	7,566,968
Equipment	33,731	16,020	-	49,751
Totals at historical cost	8,631,817	222,153	-	8,853,970
Accumulated depreciation	(502,416)	(489,386)	-	(991,802)
Capital assets, net	<u>\$ 8,129,401</u>	<u>\$ (267,233)</u>	<u>\$ -</u>	<u>\$ 7,862,168</u>

Depreciation expense charged to operations during the year ended June 30, 2023 was \$489,386.

(6) DEBT

SHORT-TERM DEBT

A summary of changes in short-term debt of the Commission for the year ended June 30, 2023 is as follows:

	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
Commercial Bank of Grayson financing agreement of \$180,000, due June 2022, interest rate of 2.70%	\$ 180,000	\$ -	\$ 180,000	\$ -
	<u>\$ 180,000</u>	<u>\$ -</u>	<u>\$ 180,000</u>	<u>\$ -</u>

LONG-TERM DEBT

A summary of changes in long-term debt (including current portion) of the Commission for the year ended June 30, 2023 is as follows:

Governmental Activities

	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
Financed purchase to Kentucky Bond Corporation of \$7,285,000, due in monthly installments through January 2048, imputed interest rate of 4.79%	\$ 6,696,250	\$ -	\$ 167,083	\$ 6,529,167
Discount on financed purchase	(60,108)	-	2,349	(57,759)
Commercial Bank of Grayson financing agreement of \$480,000, due June 2038, interest rate of 5.50%	-	480,000	-	480,000
	<u>\$ 6,636,142</u>	<u>\$ 480,000</u>	<u>\$ 169,432</u>	<u>\$ 6,951,408</u>

Minimum future principal and interest requirements relating to the above financed purchase obligations are as follows at June 30, 2023:

Year	Principal	Interest	Fees	Total Requirements
2024	\$ 193,236	\$ 260,858	\$ 17,073	\$ 471,167
2025	199,511	254,420	16,643	470,574
2026	205,735	247,884	16,200	469,819
2027	212,069	241,087	15,745	468,901
2028	218,446	234,098	15,277	467,821
2029-2033	1,227,757	1,051,632	68,814	2,348,203
2034-2038	1,484,079	808,874	54,413	2,347,366
2039-2043	1,547,083	529,778	37,191	2,114,052
2044-2048	1,721,251	198,917	15,120	1,935,288
	<u>\$ 7,009,167</u>	<u>\$ 3,827,548</u>	<u>\$ 256,476</u>	<u>\$ 11,093,191</u>

(7) RETIREMENT PLAN

The Commission provides employees with the opportunity to participate in a retirement plan consisting of a simple IRA with 3% employer match. The Commission's contribution expense for the year ended June 30, 2023 was \$2,107.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GRAYSON TOURISM AND CONVENTION COMMISSION
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Hotel tax	\$ 45,000	\$ 45,000	\$ 57,802	\$ 12,802
Restaurant tax	900,000	900,000	912,231	12,231
Marketing incentive program	-	-	-	-
Sports park advertising	-	-	-	-
Sports park concession	100,000	100,000	153,652	53,652
Sports park fees	18,000	18,000	36,981	18,981
Sports park sponsors & donations	50,000	50,000	-	(50,000)
Investment income	50	50	81	31
Other	-	-	404	404
Total revenues	<u>1,113,050</u>	<u>1,113,050</u>	<u>1,161,151</u>	<u>48,101</u>
EXPENDITURES				
Advertising	3,150	3,150	6,268	(3,118)
Local community grants	10,000	10,000	13,485	(3,485)
Fairs and events	3,000	3,000	5,465	(2,465)
Dues	2,600	2,600	3,340	(740)
Insurance	12,000	12,000	10,914	1,086
Interest	10,000	10,000	4,919	5,081
Debt service	424,797	424,797	424,530	267
Professional services	4,000	4,000	6,750	(2,750)
Office supplies	2,500	2,500	2,405	95
Utilities	5,000	5,000	4,573	427
Blue Goose	7,500	7,500	48,967	(41,467)
Sports park maintenance and operations	703,000	703,000	316,777	386,223
Payroll	170,700	170,700	193,794	(23,094)
Maintenance and repair	10,000	10,000	1,114	8,886
Other	3,000	3,000	1,488	1,512
Total expenditures	<u>1,371,247</u>	<u>1,371,247</u>	<u>1,044,789</u>	<u>326,458</u>
Other financing sources (uses):				
Transfer in (out)	-	-	(17,284)	(17,284)
Loan proceeds	-	-	480,000	480,000
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>462,716</u>	<u>462,716</u>
NET CHANGE IN FUND BALANCE	(258,197)	(258,197)	579,078	837,275
FUND BALANCE, JUNE 30, 2022	<u>258,197</u>	<u>258,197</u>	<u>576,581</u>	<u>318,384</u>
FUND BALANCE, JUNE 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,155,659</u>	<u>\$ 1,155,659</u>




Kelley Galloway
Smith Goolsby, PSC

Certified Public Accountants and Advisors

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**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 Commissioners of
City of Grayson Tourism and Convention Commission
Grayson, Kentucky

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 the governmental activities and each major fund of City of Grayson Tourism and Convention Commission, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Grayson Tourism and Convention Commission's basic financial statements, and have issued our report thereon dated January 3, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Grayson Tourism and Convention Commission's internal control over financial reporting (internal control) as a basis for designing 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 City of Grayson Tourism and Convention Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Grayson Tourism and Convention Commission'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 City of Grayson Tourism and Convention Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Ashland, Kentucky
January 3, 2024