

**ALVA ARENA AUTHORITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**

ALVA ARENA AUTHORITY  
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YEAR ENDED JUNE 30, 2019

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## Independent Auditor's Report

Board of Directors  
Alva Arena Authority

We have audited the accompanying financial statements of Alva Arena Authority which comprise the statement of net position, as of June 30, 2019 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility 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. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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, we express no such an opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Alva Arena Authority as of June 30, 2019; the changes in financial position; and of cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

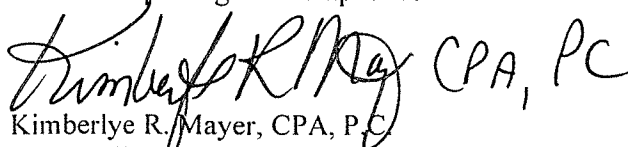
## Other Matters

### *Required Supplementary Information*

Alva Arena Authority has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basis 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 basis 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 a report dated December 26, 2019 on our consideration of Alva Arena Authority's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alva Arena Authority's internal control over financial reporting and compliance.

  
Kimberlye R. Mayer, CPA, P.C.  
Blackwell, Oklahoma  
December 26, 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*

Board of Directors  
Alva Arena Authority

We have audited the financial statements of Alva Arena Authority as of and for the year ended June 30, 2019 and have issued our report thereon dated December 26, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Alva Arena Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Alva Arena Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Alva Arena 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 combination of control deficiencies, in internal control that there is reasonable possibility that a material misstatement of the Authority'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying findings and responses that we consider to be a material weakness.

**Compliance and Other Matters**

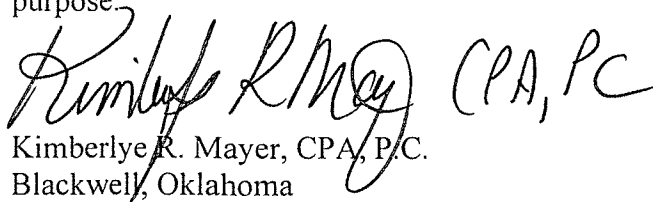
As part of obtaining reasonable assurance about whether Alva Arena Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Response to Findings

Alva Arena Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Alva Arena Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## 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.



Kimberlye R. Mayer, CPA, P/C.  
Blackwell, Oklahoma  
December 26, 2019

ALVA ARENA AUTHORITY  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2019

**Material Weakness in Internal Control Over Financial Reporting: Inadequate Segregation of Duties:**

Criteria: The segregation of duties and responsibilities between different individuals and the reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

Condition: Presently, the same individual is responsible for all revenues and receiving payments; making and recording deposits; and reconciling the monthly bank statements. Only limited oversight is provided over this individual in the conduct of their daily functions.

Cause: The entity's limited size has made it difficult for management to fully segregate the duties.

Effect or Potential Effect: Without sufficient segregation of duties, the risk significantly increases that errors and/or fraud related to the sales and collection activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Recommendation: The Authority should evaluate the risks associated with the lack of segregation of duties and consider implementing controls that could mitigate these risks.

Board's Response: The Authority has concluded that due to the limited number of personnel, an adequate segregation of duties is not achievable and that the cost of correcting the weakness would exceed the benefits that would be derived from it.

FINANCIAL STATEMENTS

AND

NOTES



ALVA ARENA AUTHORITY  
STATEMENT OF ASSETS, LIABILITIES AND NET POSITION  
JUNE 30, 2019

ASSETS

Current Assets:	
Cash and cash equivalents (Note 2)	\$ 103,489
Special Events Center (Note 3):	
Land	1,607,000
Event Center work in progress	<u>1,104,362</u>
Total Assets	<u><u>\$ 2,814,851</u></u>

LIABILITIES AND NET POSITION

Current Liabilities:	
Accounts payable	\$ 1,100
Net Position:	
Net investment in capital assets	2,711,362
Restricted for	
Unrestricted	<u>102,389</u>
Total Net Position	<u><u>2,813,751</u></u>
Total Liabilities and Net Position	<u><u>\$ 2,814,851</u></u>

ALVA ARENA AUTHORITY  
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2019

Operating Revenues:	
Donations	\$ 2,500
Trust and Foundatin donations	663,315
Inkind donations	
Total Operating Revenue	665,815
Operating Expenses:	
Professional fees	3,115
Legal services	5,008
Marketing and promotion	377
Total Operating Expense	8,500
Operating Income (Loss)	657,315
Non-Operating Revenue (Expense):	
Total Non-Operating Revenue (Expense)	
Change in Net Position	657,315
Net Position, beginning of year	2,156,436
Net Position, end of year	\$ 2,813,751

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

ALVA ARENA AUTHORITY  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2019

Cash Flows From Operating Activities:	
Cash receipts from donors	\$ 665,815
Other operating cash receipts	
Cash payments to suppliers for goods and services	(31,232)
Net cash provided (used) by operating activities	634,583
Cash flows from non-capital financing activities:	
Cash flows from capital and related financing activities:	
Event Center costs	(948,244)
Net cash provided (used) by financing activities	(948,244)
Cash flows from investing activities:	
Increase in certificate of deposits	
Interest on cash and investments	
Net cash provided (used) by investing activities	_____
Net increase (decrease) in cash and cash equivalents	(313,661)
Beginning cash and cash equivalents	417,150
Ending cash and cash equivalents	\$ 103,489
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:	
Income (Loss) from operations	\$ 657,315
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:	
Inkind donation	
Changes in assets and liabilities:	
(Increase) decrease in receivables	
(Increase) decrease in prepaid fees	
Increase (decrease) in payables	(22,732)
Net cash provided (used) by operating activities	\$ 634,583

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

ALVA ARENA AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization

Alva Arena Authority was created in February 2016 under the provisions of Title 60 of the Oklahoma Statutes, 1981, the Oklahoma Trust Act, and the laws of the State of Oklahoma. The Authority was created for the use and benefits of the co-beneficiaries, the City of Alva, Oklahoma and Woods County, Oklahoma; for the use of individuals or entities for economic development and to develop a multipurpose arena and facilities to be utilized for recreational activities and events.

Alva Arena Authority is governed by an elected Board of Trustees that acts as the authoritative and legislative body of the entity.

Basis of Accounting

The accounting policies of the Alva Arena Authority conform to the basic principles of governmental accounting and financial reporting set forth by the Governmental Accounting Standards Board.

Alva Arena Authority is classified as an Enterprise Fund. The costs of providing services to the public are financed mainly through user charges. The financial statements of Alva Arena Authority have been prepared using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

Cash and Deposits

Cash is maintained in financial institutions, which provide coverage to depositors through the Federal Deposit Insurance Corporation.

The State of Oklahoma allows government entities to invest in the following: direct obligations of the United States Government, its agencies or instrumentalities; collateralized or insured certificates of deposit; insured savings accounts or savings certificates; or county, municipal or school district direct debt.

Income Taxes

As provided in Title 60, Oklahoma Statutes, Alva Arena Authority is a tax-exempt public trust; consequently, no provision as been made for income taxes.

Budget

The Authority as a public trust is required by state law to adopt an annual budget.

ALVA ARENA AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

NOTE 2 – CASH AND CASH EQUIVALENTS:

The Alva Arena Authority considers all checking accounts to be cash equivalents.

NOTE 3 – SPECIAL EVENT CENTER:

The Authority is in the initial stages of developing and constructing a multipurpose arena and event center. The Authority has contracted with professional consultants for project management, planning, design and legal services. During the year ended June 30, 2018, land of 40.19 acres was donated to the Authority as a location for this event center. The Authority has recorded this land at its fair market value of \$1,607,000. As of June 30, 2019, the Authority had spent \$1,104,362 towards the design and development of this facility.

NOTE 4 – ESTIMATES:

The preparation of financial statements in conformity generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

NOTE 5 – RISK MANAGEMENT:

Alva Arena Authority is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and injuries to employees and natural disasters. As of the date of this report, the Authority had not purchased insurance to manage this risk.

NOTE 6 – CONTINGENCIES:

As of June 30, 2019, Alva Arena Authority did not have any pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.

ALVA ARENA AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

NOTE 7 – FAIR VALUES OF FINANCIAL INSTRUMENTS:

The definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

**Level 1:** Quoted prices in active markets for identical securities.

**Level 2:** Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spread and credit risk).

**Level 3:** Significant unobservable inputs (including the Authority's own assumptions in determining the fair value of investments).

The Authority's financial instruments include cash and cash equivalents and accounts payable. The Authority's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

NOTE 8 – EVALUATION OF SUBSEQUENT EVENTS:

Alva Arena Authority has evaluated subsequent events through December 26, 2019, the date which the financial statements were available to be issued.