Ardmore Main Street Authority

Financial Statements

Year-End June 30, 2013

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ARDMORE MAIN STREET AUTHORITY
For the Year Ended June 30, 2013

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RAHHAL HENDERSON JOHNSON, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Trustees
Ardmore Main Street Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund, of Ardmore Main Street Authority (the Authority) a component unit of the City of Ardmore, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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; this includes 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.

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 the standards applicable to financial audits contained in *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 about 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

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for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such 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 opinion.

Opinions

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 Ardmore Main Street Authority as of June 30, 2013, and the respective changes in financial position for the year ended in conformity with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, and 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 July 2, 2014 on our consideration of Ardmore Main Street Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ardmore Main Street Authority's internal control over financial reporting and compliance.

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma
July 2, 2014

BASIC FINANCIAL STATEMENTS

ARDMORE MAIN STREET AUTHORITY
Government-Wide Statement of Net Position and
Governmental Funds Balance Sheet
June 30, 2013

	General Fund	Adjustments (Note 5)	Statement of Net Position
ASSETS			
Current Assets:			
Cash	$ 139,274	$ -	$ 139,274
Accounts receivable	3,250	-	3,250
Inventory	1,994	-	1,994
Land	-	127,523	127,523
Capital Assets, Net of Accumulated Depreciation	-	1,072,162	1,072,162
Total Assets	$ 144,518	$ 1,199,685	$ 1,344,203
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ 4,549	$ -	$ 4,549
Rental Deposits Held	6,325	-	6,325
Deferred Revenue	8,000	-	8,000
Payroll Liabilities	2,080	-	2,080
Total Liabilities	$ 20,954	$ -	$ 20,954
FUND BALANCE/NET POSITION			
Fund Balances:			
Nonspendable	$ 1,994	$ (1,994)	$ -
Unassigned	121,570	(121,570)	-
Total Fund Balances	123,564	(123,564)	-
Total Liabilities and Fund Balances	$ 144,518		
Net Position:			
Net Investments in Capital Assets		1,199,685	1,199,685
Unrestricted		123,564	123,564
Total Net Position		$ 1,323,249	$ 1,323,249

The accompanying notes are an integral part of the financial statements

ARDMORE MAIN STREET AUTHORITY
Government-Wide Statement of Activities and
Governmental Fund Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended June 30, 2013

Functions/Programs	General Fund	Adjustments (Note 5)	Statement of Activities
Expenditures/expenses:			
Cultural and Recreational	$ 310,843	$ 84,942	$ 395,785
Capital Outlay	48,784	(48,784)	-
Total Expenditures/Expenses	359,627	36,158	395,785
Program Revenues			
Charges for Services	26,004	-	26,004
Operating Grants and Contributions	333,506	-	333,506
	359,510	-	359,510
Net program expense			(62,279)
General Revenues:			
Interest income	156	-	156
Miscellaneous	5,211	-	5,211
Total general revenues	5,367	-	5,367
Excess of revenues and transfers in over expenditures and transfers out	5,250	(5,250)	
Net Change in Net Position		(30,908)	(30,908)
Fund Balance/Net Position:			
Beginning of Year	118,314	1,235,843	1,354,157
End of Year	$ 123,564	$ 1,199,685	$ 1,323,249

The accompanying notes are an integral part of the financial statements

Note 1 – General Statement and Summary of Significant Accounting Policies

Organization

The Ardmore Main Street Authority ("Authority") is a trust created April 17, 1989 pursuant to a trust indenture under the Oklahoma Trust Act of Title 60, Oklahoma statutes. The City of Ardmore, Oklahoma is the beneficiary of Ardmore Main Street Authority. The Authority is a component unit of the City of Ardmore, Oklahoma. The Authority is governed by a separate board but is fiscally dependent upon the City of Ardmore, Oklahoma for operating funds. The primary purpose of the trust is to promote economic growth and the well being of Ardmore, preserve and improve the historic value of its downtown area, create a quality business environment for both business and consumer, and create an ever expanding resource for the downtown area.

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments. The more significant accounting policies established in GAAP and used by the Authority are discussed below.

Basis of Presentation Government-Wide and Fund Financial Statements

Governmental Financial Statements and Fund Type

The Authority operates one fund, general fund, which is a governmental type of activity. Governmental funds are those through which the governmental functions of the Authority are financed. The measurement focus is upon determination of changes in net position, rather than upon net income determination.

In the statement of net position, the governmental activities are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Authority's net position is reported in two parts:

> Net Investment in Capital Assets – the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.
>
> Unrestricted – The difference between assets and liabilities that is not report as restricted for any particular purpose.

Note 1 -- General Statement and Summary of Significant Accounting Policies - continued

The statement of activities reports both the gross and net cost of each of the Authority's functions. The statement of activities reduces gross expenses (including depreciation) by related program revenues, grants and contributions. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants.

The net costs, by function, are normally covered by general revenue (interest income, intergovernmental revenues).

The government-wide focus is more on the sustainability of the Authority as an entity and the change in the Authority's net position resulting from current year's activities.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds as needed.

The governmental fund financial statements present fund balances based on classification that comprise a hierarchy that is based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classification used in the governmental fund financial statements are as follows:

> **Nonspendable**—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
> **Restricted**—Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. The Authority does not have any funds in this category as of June 30, 2013.
> **Committed—**Amounts that can be used only for specific purposes determined by a formal action by Authority resolution. Commitments may be modified or rescinded only through resolution approved by the Authority board. The Authority does not have any funds in this category as of June 30, 2013.
> **Assigned**—Amounts that are designated by Management for a specific purpose with authorization of the Authority board. The Authority does not have any funds in this category as of June 30, 2013.
> **Unassigned—**All amounts not included in other spendable classifications**.**

Note 1 -- General Statement and Summary of Significant Accounting Policies - continued

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to the timing of when revenues and expenditures are recognized in the accounts and reported in the financial statements.

Government fund types use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures in the current period. Accordingly, revenues are recoded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due.

Capital Assets

Capital assets are primarily buildings, improvements and equipment. Capital assets are defined by the Authority as assets with an initial individual cost of more than $100 (amount not rounded) and an estimated useful life which extends substantially beyond the year of acquisition. The cost of the expenditure is capitalized and depreciated or amortized over the estimated useful life of the asset utilizing the straight-line method. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is computed using the straight line method over the estimated useful lives of five to seven years for equipment and 40 years for building.

Deferred Revenue

Grant revenue that is restricted for specific purposes is deferred and recognized as income when the expenditures, as specified by the grant, are made. Grant revenue still on hand at June 30, 2013 relates to Heritage Hall Capital Improvements in the amount of $8,000.

Inventories

Inventories consist of bricks available for resale and recorded at cost using first in/first out (FIFO) method. Inventories are recorded as assets when purchased and charged to operations when sold. The nonspendable fund balance at the governmental fund level is equal to the amount of inventories at year-end to indicate the portion of the governmental fund balances that are nonspendable.

Note 1 -- General Statement and Summary of Significant Accounting Policies - continued

Budgetary Comparison Information

Budgetary comparison information is required to be presented for the general fund if there is a legally adopted budget. The Authority is not legally required to adopt a budget for the general fund. Therefore, budgetary comparison information is not included in the Authority's financial statements.

In-Kind Donations

In-kind donations include contributions of noncash items such as services, materials and supplies. In-kind donations that can be used internally or sold are measured at fair value. During the year, the Authority received $7,229 in donates supplies, materials and services that were used in carrying out their programs. The revenue related to these in-kind donations has been recorded in the financial statement as Program contributions and the expenses have been recorded as Cultural and Recreational Expenditures/expenses on the Government-Wide Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance.

Note 2 - Cash

Custodial Credit Risk. Custodial credit risk for cash deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned or the Authority will not be able to recover collateral securities in the possession of an outside party. The Authority's policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Custodial credit risk for deposits not formally addressed by bond indentures require that deposits be maintained by the trustee bank specified in the indenture. Cash deposits of the Authority are insured or collateralized by a pledging bank's agent in the Authority's name with securities consisting of U. S. government, state or municipal securities.

Note 3 – Capital Assets

Capital assets as of June 30, 2013, consists of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	$ 100,448	$ 27,075	$ -	$ 127,523
Total capital assets, not being depreciated	100,448	27,075	-	127,523
Capital assets, being depreciated				
Buildings and Improvments	2,106,484	18,605	-	2,125,089
Equipment	173,774	3,104	-	176,878
Total capital assets, being depreciated	2,280,258	21,709	-	2,301,967
Less Accumulated Depreciation	(1,144,863)	(84,942)	-	(1,229,805)
Total capital assets, being depreciated, net	1,135,395	(63,233)	-	1,072,162
Governmental activities capital assets, net	$ 1,235,843	$ (36,158)	$ -	$ 1,199,685

Note 3 – Capital Assets -- continued

Depreciation expense of $84,942 was charged to the Authority's cultural and recreational activity.

Note 4 – Commitment and Contingencies

As of June 30, 2013, the Authority had a Heritage Hall renovation project in process. The remaining commitment on this project was approximately $9,350.

The Authority is exposed to various risks of loss (torts, theft of, damage to, or destruction of assets, business interruptions, errors and omissions, job-related illnesses or injuries to employees, and acts of God) and has established a risk management strategy that attempts to minimize losses and the carrying cost of insurance. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverage in the past three years.

Note 5 – Adjustments from Fund Financial Statements to Government-Wide Financial statements

The excess of revenues over expenditures in governmental fund statement of revenues, expenditures and changes in fund balances differs from the change in net position as reported in the government-wide statement of activities. The total difference is $36,158. The detail of this difference is as follows:

Governmental funds report capital outlay as expenditures. In the statement of activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense		
Capital Outlay	$	48,783
Depreciation Expense		(84,942)
	$	(36,159)

The fund balances in the governmental fund balance sheet differs from the net position reported in the government-wide statement of net position. The total difference is $1,119,685. The detail of this difference is as follows:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	$	1,199,685
	$	1,199,685

Note 6 – New GASB Standard

In Fiscal year 2013, Ardmore Main Street Authority implemented GASB Statement 63, *Reporting Deferred Outflows, Deferred Inflows, and Net Position*. This statement includes a title change from the “Statement of assets, liabilities and net assets” and the “Statement of revenues, expenses and changes in net assets” to “Statement of assets, liabilities and net position” and the “Statement of revenues, expenses and changes in net position”, requires deferred outflows to be reported in a separate section after assets, deferred inflows reported as a separate section after liabilities. Only those items specifically defined by GASB may be reported as deferred outflows or inflows. The only effect on the financial statements for Ardmore Main Street Authority was the change in terminology “net assets” to “net position”.

RAHHAL HENDERSON JOHNSON, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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 Directors
Ardmore Main Street Authority

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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of Ardmore Main Street Authority, a component unit of the City of Ardmore as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Ardmore Main Street Authority's basic financial statements and have issued our report thereon dated July 2, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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

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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 we consider to be less severe than a material weakness, yet important enough to merit attention to those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses, to be material weaknesses. 2013-1, 2013-2, 2013-3, 2013-4, 2013-6 and 2013-7.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ardmore Main Street Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2013-4 and 2013-5.

Ardmore Main Street Authority's Response to Findings

Ardmore Main Street Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Ardmore Main Street Authority's responses were not subjected to the auditing procedures applied in an 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 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.

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma
July 2, 2014

2013-1 Segregation of duties

Condition – Receipt sequences are not being reconciled to deposits. Receipts are not written for all funds received. Invoices issued are not pre-numbered and are prepared by the same person with cash receipt duties.

Criteria – The concept of control activities within the COSO Integrated Framework indicates that control policies and procedures ensure management's directives to mitigate risk.

Cause – The Authority has a small staff which limits the ability to adequately segregate duties- Same individual has the ability to invoice, collect money, prepare deposits, and post the deposits.

Effect – Receipts are not issued on all funds or reconciled to deposits. Invoices are not pre-numbered and monitored.

Recommendation – We recommend the following:

1. Receipt books should be issued by Authority's Treasurer to the Authority's office and sequences should be monitored and reconciled to deposits on a monthly basis. All funds received should have receipt written.
2. Invoices prepared should be pre-numbered and sequences should be monitored by someone without access to accounting software. QuickBooks invoicing module should be used.

Views of Responsible Officials – Recommendations will be taken into consideration and new procedures will be implemented.

2013-2 Purchase Documentation

Condition – Purchases were identified which did not have supporting documentation. Payments directly to vendor creditors were noted. Documentation for food costs at events was not sufficient. Evidence of receipt of items was not available for all purchases.

Criteria – The concept of control activities within the COSO Integrated Framework indicates that control policies and procedures ensure management's directives to mitigate risk.

Cause – The Authority does not currently have a procedure manual or policy in place to instruct staff on the ways to consistently apply rules, requirements, and methods on record keeping.

Effect – Inadequate purchasing documentation. 4 of 25 purchases lacked supporting documentation.

Recommendation – We recommend the following:

1. The Authority should develop a procedures manual to provide guidance on processes to be followed, documentation required, reconciliation process etc for all Authority financial transaction. This will allow for more consistency from year to year as new staff and volunteers are involved.
2. Payments should be made directly to vendors. No payments should be made to vendor's creditors on the vendor's behalf.
3. Expenditures related to food costs for fundraising/promotion events, should be based on a cost per meal basis times number of meals served, instead of receipts of items purchased for event.
4. Receipt of Goods/services policy needs to be implemented to ensure that goods/services have been received by the Authority.

Views of Responsible Officials – The Authority will develop a procedure manual to implement and apply controls and procedures.

2013-3 Year End Closing Procedures

Condition – The Authority does not have a fixed asset policy or procedures in place to determine accounts receivable at year end.

Criteria – Effective internal control over financial reporting includes the identification and analysis of the risk of material misstatements in the financial statements. Management of the Authority is responsible for designing a system to manage the risks over preparation of the financial statements. The responsibility for the financial statements remains with management even when the preparation of the financial statements is transferred to a service provider.

Cause – The Authority does not have a procedure in place to recognize fixed assets consistently or a process for disposal of assets. The Authority also does not have procedure in place to evaluate if the Authority has accounts receivable at year end.

Effect –Material adjustment related to receivables at year end were necessary. Risk of misappropriation of assets.

Recommendation – Management should continue to review its year-end procedures to determine if financial information is complete.

Views of Responsible Officials – The Authority will develop a procedure to implement and apply controls and procedures for year-end close and financial reporting.

2013-4 Deposit Compliance

Condition – Cash receipts are not being deposited within one business day.

Criteria – Title 63 Section 517.3 of Oklahoma state statues require the treasurer of every public entity shall deposit daily not later than the immediately next banking day, all funds, in either state or county depositories within Oklahoma.

Cause – The Authority does not currently have a procedure manual or policy in place to instruct staff on the ways to consistently apply rules and requirements.

Effect – 9 of 25 receipts transactions were not deposited within one business day as required by state law.

Recommendation – We recommend the Authority to develop a procedures manual to provide guidance on processes to be followed, documentation to complete, reconciliations, etc. for all Authority financial transaction. This will allow for more consistency from year to year as new staff and volunteers are involved.

Views of Responsible Officials – The Authority will develop a procedure manual to implement and apply controls and procedures.

2013-5 Conflict of Interest

Condition – The Authority does not have a conflict of interest policy to ensure compliance.

Criteria – Title 60, Section 178.8: "a conflict of interest shall be deemed to exist in any contractual relationship in which such trustee or member of his immediate family is an officer, partner, principal stockholder, shall directly or indirectly buy or sell goods or services to, or otherwise contract with such trust."

Cause – The Authority does not have a written conflict of interest policy nor do they require annual representation from their board members related to conflict of interest.

Effect – Expenses could have occurred between a trustee owned business that would not be compliant with state law.

Recommendation – We recommend that the Authority establish a written policy that complies with state statutes related to conflict of interest, and require each board member to make annual disclosure of related parties.

Views of Responsible Officials – The current procedure is to not purchase from board members. The Authority is in the process of writing a conflict of interest policy.

2013-6 Fundraiser/Promotion Events

Condition – No reconciliation is being completed between event documents/listings and the amounts recorded on the general ledger. No reconciliations are being completed on the day of events for products/tickets sold at the events.

Criteria – Event documents/listings should be reconciled timely with the general ledger to ensure all activity has been properly captured on the general ledger. Reconciliations should be completed for products/tickets sold at the events to ensure all money being collected is being deposited.

Cause – The Authority does not have a policy and procedure manual for the operations of fundraiser and promotion events.

Effect – Risk of fraud and misappropriation of assets.

Recommendation – We recommend that the Authority establish a written policy that establishes specific procedures to be completed for sale of goods/products/tickets at fundraiser/promotion events. Policy and Procedures also need to be implemented to reconcile Fundraiser/Promotion event documentation/listings to the general ledger timely.

Views of Responsible Officials – The Authority has already implemented ticket reconciliation process with one event and will work towards having reconciliations complete for other events of products sold. The Authority is also adapting the schedule/listings to be able to reconcile with the general ledger.

2013-7 Computer System Controls

Condition – No individualized logins for QuickBooks, no offsite back up procedures of server and changes to account coding is not being completed by journal entry.

Criteria – The concept of control activities within the COSO Integrated Framework indicates that control policies and procedures ensure management's directives to mitigate risk.

Cause – The Authority does not have a policy and procedure manual for computer controls.

Effect – Risk that errors or omission could occur and not be detected in a timely manner.

Recommendation – We recommend the following:

1. Offsite backup be started immediately at a minimum an external hard drive take offsite.
2. Each user of QuickBooks should have an individualized user name and password.
3. Journal Entry procedures need to be implemented which includes a review process of journal entries on a monthly basis by Board Treasurer.

Views of Responsible Officials – The Authority will acquire an external hard drive to complete weekly back up and store in bank safety deposit box in addition to obtaining an online backup service. Separate users will be set up for QuickBooks. All adjustments to coding will be completed with Journal Entries.