

The McMahon Auditorium Authority

Financial Statements

June 30, 2014

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The McMahon Auditorium Authority
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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
The McMahon Auditorium Authority
Lawton, Oklahoma

We have audited the accompanying financial statements of The McMahon Auditorium Authority (the Authority), a component unit of the City of Lawton, Oklahoma as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statement as listed in the table of contents for the year then ended.

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 an opinion 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 from 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

100 E Street S.W., Suite 200 | Ardmore, OK 73401

Telephone (580) 223-6454 | FAX 1-800-858-9329

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 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 audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The McMahon Auditorium Authority as of June 30, 2014, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 7 be presented to supplement the basic financial statements. Such 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. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2014 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma
September 17, 2014

The McMahon Auditorium Authority
Management's Discussion and Analysis (Unaudited)
June 30, 2014

Our discussion and analysis of the McMahon Memorial Auditorium Authority's (the Authority) financial position and performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2014.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2014, the Authority's total net position increased by approximately \$10,356 or 7% from the prior year, as a result of revenue exceeding expenses by \$10,223.
- For the fiscal year ended June 30, 2014, the Authority's operating revenue decreased by approximately \$6,455 or 7% from the prior year; and operating expenses decreased by approximately \$6,173 or 7% over the prior year.

USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as amended, as they relate to special purpose governments engaged only in business-type activities.

As a result, the Authority's financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows that provide information about the financial activities of the Authority.

ABOUT THE AUTHORITY

The McMahon Auditorium Authority is a public trust created pursuant to the laws of the State of Oklahoma, by the City of Lawton, the trust beneficiary, to operate the activities of the City related to the use of the McMahon Auditorium for the benefit of the community and surrounding area. The Authority is considered a component unit of the City of Lawton's financial reporting entity, and has also elected to present its own annual financial statements for the component unit itself.

A FINANCIAL ANALYSIS OF THE AUTHORITY

One of the most important questions to ask about the Authority's finances is:

"Has the Authority's net position increased or decreased as a result of the year's activities?"

Over time, increase or decreases in the Authority's net position provide one indicator of the financial health of the Authority. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position include all of the Authority's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The following tables provide a summary of the changes in net position over the past year to help answer the above question.

The McMahon Auditorium Authority
Management's Discussion and Analysis (Unaudited)
June 30, 2014

Net Position and Changes in Net Position

The following is a condensed summary of the Statement of Net Position for the year ended June 30, 2014 as compared to the prior year:

	2014	2013	% Change
Current assets	\$ 85,415	\$ 80,416	6%
Capital assets, net	72,523	66,664	9%
Total assets	157,938	147,080	7%
Current liabilities	3,550	3,048	16%
Total liabilities	3,550	3,048	16%
Net Position			
Net invested in capital assets	72,523	66,664	9%
Unrestricted	81,865	77,368	6%
Total Net Position	154,388	144,032	7%

The increase in capital assets of \$5,859 or 9% from the prior year is a result of the addition of the genie lift and stage lighting upgrade with depreciation expense of \$15,216 recorded for the year ending June 30, 2014. Liabilities increased by \$502 or 16% from the prior year due to accounts payable for electrical work on the dock lift being invoiced and paid after year ending June 30, 2014.

The following is a condensed summary of the Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2014 as compared to the prior year:

	2014	2013	% Change
Operating revenues	\$ 86,668	\$ 93,123	-7%
Operating expenses	76,445	82,618	-7%
Net Operating income	10,223	10,505	-3%
Non-operating revenues, net	133	62	115%
Change in net position	10,356	10,567	-2%
Net position-beginning of year	144,032	133,465	8%
Net position – end of year	154,388	144,032	7%

The McMahon Auditorium Authority
Management's Discussion and Analysis (Unaudited)
June 30, 2014

Revenues exceeded expenses by \$10,223 resulting in a net profit of \$10,356 for the year ended June 30, 2014. Net position increased by 7% for the year ended June 30, 2014. The Authority is a Public Trust service organization of the City of Lawton created to oversee the Auditorium to ensure that the facility is utilized to the maximum extent to enrich the cultural life of our community by providing a venue for all citizens to have the opportunity to enjoy the arts versus being a profit driven business.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Due to the nature of the Authority's activities, the Authority has a limited amount of capital assets. Such capital assets consist primarily of furniture, building and improvements. At June 30, 2014, the Authority reported approximately \$178,036 of capital assets, net of accumulated depreciation. Capital additions in the current year consist of a genie lift and stage lighting upgrade. Depreciation expense on existing capital assets amounted to \$15,216.

Long-Term Debt

The Authority has no long-term debt outstanding at June 30, 2014.

BUDGET

The Authority is a public trust created pursuant to 60 O.S. § 176. Such public trusts are not required to prepare a legally adopted annual budget. Therefore, the Authority does not operate under legal appropriations.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

Effective July 1, 2012 the Authority now retains 100% of the rent collected. The additional funds are being used for capital improvements and/or purchase of equipment as designed by the Authority. The internal budget adopted for the Authority for the year ending June 30, 2014 is consistent with the prior year budget due to retention of 100% of rental fees collected.

CONTACTING THE MCMAHON MEMORIAL AUDITORIUM AUTHORITY

This financial report is designed to provide our citizens, customers, taxpayers, and creditors with a general overview of the Authority's finances and to show accountability for the resources it receives. Financial information for the Authority is also presented in the Comprehensive Annual Financial Report of the primary government, the City of Lawton, Oklahoma. If you have questions about this report or need additional financial information, contact the McMahon Auditorium Authority Office by mail at 801 NW Ferris, Lawton, OK 73507 or by telephone at (580)-581-3472.

The McMahon Auditorium Authority
Statement of Net Position
June 30, 2014

ASSETS

Current Assets

Cash and cash equivalent	\$ 81,724
Accounts receivable	3,691
Total Current Assets	<u>\$ 85,415</u>

Noncurrent Assets

Capital assets being depreciated	\$ 178,036
Less accumulated depreciation	(105,513)
Total Noncurrent Assets	<u>\$ 72,523</u>

Total Assets	<u><u>\$ 157,938</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 500
Deferred event income	3,050
Total Current Liabilities	<u><u>\$ 3,550</u></u>

Net Position

Net Investment in capital assets	72,523
Unrestricted, available for general activities	81,865
Total net position	<u><u>\$ 154,388</u></u>

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

The McMahon Auditorium Authority
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2014

OPERATING REVENUES

Auditorium fees	\$ 82,600
Ticket collections, net of promoter reimbursements of \$5,606	3,206
Concession Sales	862
Total Operating Revenue	<u>\$ 86,668</u>

OPERATING EXPENSES

Auditorium maintenance	\$ 6,699
Stagehand fees	37,343
Ticket stock	592
Equipment rent and maintenance	3,461
Depreciation	15,216
Other miscellaneous event costs	799
Professional services	6,400
Office expense	5,935
Total Operating Expenses	<u>\$ 76,445</u>

OPERATING INCOME	\$ 10,223
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NONOPERATING REVENUE

Interest income	<u>133</u>
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CHANGE IN NET POSITION	\$ 10,356
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NET POSITION, BEGINNING OF YEAR	<u>144,032</u>
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NET POSITION, END OF YEAR	<u><u>\$ 154,388</u></u>
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The notes to the financial statements are an integral part of this statement

The McMahon Auditorium Authority
Statement of Cash Flows
For the Year Ended June 30, 2014

OPERATING ACTIVITIES	
Receipts from customers	\$ 87,302
Payments to stagehands and vendors	(55,898)
Payments to City of Lawton	(5,330)
	<u> </u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 26,074</u>
 CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>\$ (21,074)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCIAL ACTIVITIES	<u>\$ (21,074)</u>
 INVESTING ACTIVITY	
Interest income	<u>\$ 133</u>
NET CASH FROM INVESTING ACTIVITIES	<u>\$ 133</u>
 NET CHANGE IN CASH	\$ 5,133
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>76,591</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 81,724</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 10,223
Charges and credit to change in net asset not affecting cash	
Depreciation	15,216
Changes in assets and liabilities	
Accounts Receivable	133
Accounts Payable	(2,548)
Accrued Expenses	3,050
NET CASH FROM OPERATING ACTIVITIES	<u><u>\$ 26,074</u></u>

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

The McMahon Auditorium Authority
Notes to Financial Statements
June 30, 2014

NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The McMahon Auditorium Authority (the Authority) is a public trust authority established under the laws of the State of Oklahoma in December 1963 to provide operation, supervision, and management for the McMahon Memorial Auditorium in Lawton, Oklahoma, for the benefit of the community and the surrounding area.

The Authority operates out of a facility owned and maintained by the City of Lawton, Oklahoma (the City). All significant costs of operating and managing the facility are paid for by the City. Such costs are not included in these financial statements. Therefore, these financial statements are not intended to represent a complete presentation of the cost of operations of the auditorium.

Management has applied the criteria set forth in Government Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and has determined that the Authority is a component unit of the City. The Authority is financially dependent upon the City and the governing board of the City appoints the board of trustees to the Authority.

Basis of Accounting

The Authority accounts for its activities within a proprietary fund type. The Authority's activities meet the definition of an enterprise fund because it is the intent of the Authority to recover, primarily through user charges, the cost of providing goods or services to the general public.

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of Net Position. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The accrual basis of accounting is utilized by the proprietary fund. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The McMahon Auditorium Authority
Notes to Financial Statements
June 30, 2014

**NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Accounts Receivable

Accounts receivable includes amounts due from promoters for events held at the auditorium. The Authority uses the direct write-off method based upon a review of outstanding receivable, historical collections information and existing economic conditions. Generally, an agreement for use of the auditorium is not made with any promoter with whom the Authority has had collection problems in the past. Normal receivables are due 30 days or less from the date of the event. Receivables past due more than 120 days are considered delinquent. Delinquent receivables are forwarded to the city attorney for collection.

Cash and Cash Equivalents

Interest bearing checking accounts and certificates of deposit with maturities of less than three months are included in cash and cash equivalent on the Authority's financial statements.

Investments

The Authority's funds are generally invested in (1) direct obligation of the U.S. government, its agencies or instrumentalities to the payment of which the full faith and credit of the U.S. government is pledged, (2) collateralized or insured certificates of deposit and other evidences of deposits in banks, savings and loan associations, and credit unions secured by appropriate collateral and (3) money market funds regulated by the Securities and Exchange Commission consisting of authorized domestic securities in compliance with state law. The Authority does not have a formal policy for reducing concentration of credit risk.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Capital Assets

The cost of capital assets greater than \$1,000 is capitalized and depreciated over the estimated useful life of the related asset. These assets are depreciated using the straight-line method over the useful lives ranging from five to fifteen years.

The McMahon Auditorium Authority
Notes to Financial Statements
June 30, 2014

**NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Net Position Disclosure

Net position classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed.

The Authority classifies net position in the proprietary fund financial statements as follows:

- **Net Investment in Capital Assets** includes the Authority's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted Net Position** includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The Authority typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.
- **Unrestricted Net Position** typically includes unrestricted liquid assets. The Authority's board has the authority to revisit or alter this designation.

Income Taxes

The Authority does not pay income taxes due to its exemption as a municipal entity.

Budgetary Comparison

The Authority is not legally required to adopt a budget. Therefore, budget comparison information is not included in the Authority's financial statements.

NOTE 2 - RELATED PARTY TRANSACTIONS

The Authority remits 100% of the maintenance fees collected on the auditorium to the City of Lawton. Total payments to the City for maintenance totaled \$7,573 which is included in auditorium maintenance expense. Maintenance due to the City as of June 30, 2014 was \$340 and is included in accounts payable.

The McMahon Auditorium Authority
Notes to Financial Statements
June 30, 2014

NOTE 3 - RECEIPTS AND EXPENDITURES

Rent and maintenance fees collected are included with auditorium fee income. Also included with auditorium fee income is the amount collected for the stagehand company and for security. The Authority remits all of the amounts collected to the stagehand company, which is shown separately as stagehand fee expense. A significant amount of ticket sales collected is reimbursed to various promoters when ticket sales exceed event costs.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

The Authority receives its resources primarily from sources within Comanche County. Consequently, the Authority's ability to operate as a going concern is dependent on the economic conditions of this area. In addition, Ft. Sill graduations are held at the McMahon Memorial Auditorium and revenue from Ft. Sill comprises 53% of total revenue of the Authority.

NOTE 5 - CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. State law requires collateral for all deposits not covered by Federal Deposit Insurance Corporation insurance. At June 30, 2014, the Authority was not exposed to custodial credit risk

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Furniture and fixtures	\$ 24,628	\$ -	\$ -	\$ 24,628
Building improvements	68,295	12,986	-	81,281
Machinery and equipment	64,040	8,088	-	72,128
Total capital assets being depreciated:	156,963	21,074	-	178,037
Less accumulated depreciation for:				
Furniture and fixtures	\$ (24,628)	\$ -	\$ -	\$ (24,628)
Building improvements	(48,445)	(6,592)	-	(55,037)
Machinery and equipment	(17,225)	(8,624)	-	(25,849)
Total accumulated depreciation	(90,298)	(15,216)	-	(105,514)
Total capital assets being depreciated	<u>\$ 66,665</u>	<u>\$ 5,858</u>	<u>\$ -</u>	<u>\$ 72,523</u>



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 of
The McMahon Auditorium Authority
Lawton, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The McMahon Auditorium Authority as of and for the year ended June 30, 2014, and the related notes to the financial statements and have issued our report thereon dated September 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The McMahon Auditorium 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 purposes 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.

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 over financial reporting that we consider to be a material weakness.

100 E Street S.W., Suite 200 | Ardmore, OK 73401

Telephone (580) 223-6454 | FAX 1-800-858-9329

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 *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. 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. We consider the deficiencies described in the accompanying schedule of findings and responses as 2014-1 and 2014-2 to be a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The McMahon Auditorium 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 is required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as item 2014-2.

The McMahon Auditorium Authority's Response to Findings

The Authority's response to findings identified in our audit is described in the accompanying schedule of findings and responses. The 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 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.

Rakhal Henderson Johnson, PLLC

Ardmore, Oklahoma
September 17, 2014

The McMahon Auditorium Authority
Schedule of Findings and Responses
June 30, 2014

2014-1 Preparation of financial statements and related material adjustments

Condition – The trial balance provided for the year-end financial reporting did not include all final journal entries.

Criteria – The development and implementation of a year-end financial reporting control system is the responsibility of management. Management should have a process in place to ensure that the trial balance used in the financial statement preparation process is final, contains all valid journal entries made, and is in balance

Cause – Current procedures do not incorporate all the necessary controls to ensure the trial balance is complete.

Effect – Material adjusting entries were necessary to record and adjust assets, accumulated depreciation, depreciation expense, accruals, and fund balance.

Recommendation – We recommend the evaluation of the cost against the benefits of enhancing the year-end financial reporting process through the hiring of an external consultant to assist in the process of ensuring the trial balance is complete and that the disclosures are accurate.

Management Response – Management will thoroughly review the financial statements, notes, and supporting schedules and compare to a current disclosure checklist prior to issuance of financial statements.

2014-2 Receipt and deposit compliance

Condition – The Authority does not have a procedure or control for documenting receipts by date received, and cash receipts are not being deposited within 1 business day.

Criteria – Title 62 Section 517.3 of Oklahoma state statutes 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. In addition, an effective set of controls over cash receipts should provide documentation as cash and checks are received that reconcile to the financial records and provide evidence of financial completeness.

Context – 18 of 25 cash receipts tested were not deposited within 1 business day of receipt

Cause – The Authority does not keep a receipt book or other receipt record documenting when payments are received by staff. As a result, compliance with state statutes cannot be determined for each receipt.

Effect – Deposits were not made within state statute requirements, and ineffective controls over cash receipts.

The McMahon Auditorium Authority
Schedule of Findings and Responses
June 30, 2014

Recommendation – Historically the Authority has used a series of work sheets and forms to account for the tickets sold for events. However these records are usually not retained for the auditor to review. We recommend the Authority keep these records for the auditors to review as well as develop and enforce policies and procedures to issue receipts for all other payments that support deposits. Current cash receipt procedures should be modified to ensure compliance with state laws. The Authority should keep a numerical receipt book for auditorium events that can be reconciled to deposits and also to supports the completeness of the accounting records.

Management Response – Management will continue the use of ticket reconciliation worksheets and forms, but will retain this documentation for the auditor to review. In addition, the Authority will implement the use of a receipt book to document other payments from promoters and/or donations to improve internal procedures to be in compliance with state laws and to improve controls.