

HARDY MURPHY COLISEUM AUTHORITY
(a component unit of the City of Ardmore, Oklahoma)

FINANCIAL STATEMENTS AND
AUDITOR'S REPORT THEREON

June 30, 2023 and 2022

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Independent Auditor's Report

To the Board of Trustees
Hardy Murphy Coliseum Authority
Ardmore, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Hardy Murphy Coliseum Authority (a component unit of the City of Ardmore, Oklahoma) (the Authority), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years 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 the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis and budgetary comparison information 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 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 March 18, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Authority's internal control over financial reporting and compliance.

Russell + William CPA's, P.C.

Oklahoma City, Oklahoma
March 18, 2024

Hardy Murphy Coliseum Authority
(a component unit of the City of Ardmore, Oklahoma)

Statement of Net Position

June 30, 2023 and 2022

	FYE 2023	FYE 2022
ASSETS		
Cash in bank - unrestricted	746,183.63	769,586.39
Cash in bank - restricted	250,823.93	228,468.86
Accounts Receivable	-	(4,789.85)
TOTAL CURRENT ASSETS	997,007.56	993,265.40
Net Capital Assets	1,302,849.40	1,344,155.99
TOTAL ASSETS	\$ 2,299,856.96	\$ 2,337,421.39
 LIABILITIES AND EQUITY		
Accounts Payable	\$ 5,869.82	\$ 3,954.19
Customer Deposits	3,690.85	-
Total Current Liabilities	9,560.67	3,954.19
Construction Bond Payable	21,500.00	-
Capital Lease Payable	45,749.82	75,737.83
Total Long-Term Liabilities	67,249.82	75,737.83
TOTAL LIABILITIES	76,810.49	79,692.02
 NET POSITION		
Invested in Capital Assets, Net of Related Debt	1,236,220.05	1,247,538.63
Unrestricted	736,002.49	781,721.88
Restricted	250,823.93	228,468.86
Total Net Position	2,223,046.47	2,257,729.37
TOTAL LIABILITIES AND NET POSITION	\$ 2,299,856.96	\$ 2,337,421.39

The accompanying notes are an integral part of these financial statements

Hardy Murphy Coliseum Authority
(a component unit of the City of Ardmore, Oklahoma)
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2023 and 2022

	FYE 2023	FYE 2022
REVENUES		
Charges for Services	527,928.13	465,212.92
Miscellaneous Revenues	370,356.20	323,697.69
TOTAL REVENUES	898,284.33	788,910.61
EXPENSES		
Salaries, Wages, and Taxes	512,357.87	423,781.98
Operating Supplies	298,090.59	288,399.68
Maintenance and Repairs	303,568.06	227,494.15
Telephone and Utilities	77,245.33	61,393.02
Professional Fees	23,073.75	18,181.74
Insurance - Workman's Compensation	16,260.86	9,643.42
Travel	6,913.18	8,252.78
Depreciation	177,265.07	188,282.48
TOTAL EXPENSES	1,414,774.71	1,225,429.25
CHANGE IN NET ASSETS BEFORE NON-OPERATING ITEMS	(516,490.38)	(436,518.64)
NON-OPERATING ITEMS		
Hotel Tax	481,807.48	464,141.41
Grants	-	75,000.00
TOTAL NON-OPERATING ITEMS	481,807.48	539,141.41
CHANGE IN NET POSITION	(34,682.90)	102,622.77
BEGINNING NET POSITION	2,257,729.37	2,155,106.60
ENDING NET POSITION	\$ 2,223,046.47	\$ 2,257,729.37

Hardy Murphy Coliseum Authority
(a component unit of the City of Ardmore, Oklahoma)
Statement of Cash Flows
For the Years Ended June 30, 2023 and 2022

	<u>FYE 2023</u>	<u>FYE 2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Customers	897,185.33	806,240.61
Cash Paid to Suppliers	(758,798.37)	(646,975.53)
Cash Paid to Employees	(455,295.64)	(391,001.81)
Net Cash Provided by Operatings	<u>(316,908.68)</u>	<u>(231,736.73)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Transfers From the City of Ardmore, Grants, & Hotel Tax	481,807.48	539,141.41
Purchase of Capital Assets	(135,958.48)	(65,000.00)
Repayment of Capital Lease	(29,988.01)	(25,275.80)
Net Cash Provided (Used) For Capital and Financing Activities	<u>315,860.99</u>	<u>448,865.61</u>
Net Increase (Decrease) in Cash	(1,047.69)	217,128.88
Cash at Beginning of Year	<u>998,055.25</u>	<u>780,926.37</u>
Cash at End of Year	<u>\$ 997,007.56</u>	<u>\$ 998,055.25</u>
<i>Reconciliation of Change in Net Assets to Net Cash</i>		
<i>Provided (Used) by Operating Activities</i>		
Change in Net Assets before Non-Operating Items	(516,490.38)	(436,518.64)
Adjustment to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation Expense	177,265.07	188,282.48
Increase (Decrease) in Accounts Receivable	(1,099.00)	17,330.00
Increase (Decrease) in Accounts Payable	1,915.96	(892.66)
Increase (Decrease) in Payroll Taxes Payable	21,499.67	62.09
Net Cash Provided by Operating Activities	<u>\$ (316,908.68)</u>	<u>\$ (231,736.73)</u>
Cash in Bank - Unrestricted	746,183.63	769,586.39
Cash in Bank - Restricted	250,823.93	228,468.86
Total Cash	<u>\$ 997,007.56</u>	<u>\$ 998,055.25</u>

The accompanying notes are an integral part of these financial statements

HARDY MURPHY COLISEUM AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity

Hardy Murphy Coliseum Authority (HMCA) was created pursuant to a trust indenture dated January 21, 1985, as authorized by Title 60, Oklahoma Statutes 1984, Section 176-180.3, inclusive, and the Oklahoma Trust Act. HMCA accounts for the operations of the Hardy Murphy Coliseum. The City of Ardmore, Oklahoma is the beneficiary of the Trust. HMCA is a component unit of the City of Ardmore, Oklahoma and has been discreetly presented in the City of Ardmore June 30, 2023 and 2022 basic financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. HMCA financial statements are prepared on the accrual basis.

Cash Equivalents

Cash equivalents consist of restricted and unrestricted cash and investments maturing within three months.

Related Party Transactions

The City of Ardmore is the beneficiary of the HMCA Trust. During the years ending June 30, 2023 and 2022, the City of Ardmore, Oklahoma provided \$-0- and \$-0-, respectively, in cash support.

Restricted Net Assets

HMCA maintains a separate bank account for donations earmarked for building and construction. The designated funds at June 30, 2023 and 2022 were \$250,824 and \$228,469, respectively.

Estimates

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

Accounts Receivable

Accounts receivable are stated at their net realizable value.

Risk Management and Litigation

The HMCA is exposed to various risks of losses related to torts, theft of, damage to and destruction of assets, errors and omission, injuries to employees, and natural disasters. The HMCA obtains insurance coverage through the City of Ardmore.

Infrastructure

The authority has no assets that would be classified as infrastructure.

NOTE 2 - DEPOSIT COLLATERAL

The accounts of the HMCA are required by state law to be secured by collateral pledged by the financial institution and/or FDIC deposit insurance. The HMCA is considered a separate entity from the City of Ardmore for FDIC deposit insurance.

In accordance with GASB No. 3, deposits are to be classified into the following three categories:

1. Insured or collateralized with securities held by the entity or by its agent or in the entity's name. (Referred to as category 1)
2. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name. (Referred to as category 2)
3. Uncollateralized, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent but not in the entity's name. (Referred to as category 3)

All of the HMCA cash accounts would be considered as category 1 with the exception of monies that are over the FDIC limit. As of June 30, 2023, the Authority had funds on deposit with a local bank that were not covered by FDIC or deposit collateral of \$-0-.

NOTE 3 – CAPITAL ASSETS AND DEPRECIATION

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

	Beginning Balance	Increases	Decreases	Ending Balance
Building and Improvements	5,415,914	114,000	-	5,529,914
Land	20,880	-	-	20,880
Equipment	455,250	21,958	-	477,208
Total	5,892,044			6,028,002
Accumulated Depreciation	(4,540,508)	(177,265)	-	(4,717,773)
Net Assets	<u>\$ 1,351,536</u>			<u>\$ 1,310,229</u>

As of June 30, 2023, and 2022, the governmental and proprietary funds had no capitalized assets that were not being depreciated or had not been depreciated. Depreciation is computed using the straight-line method of depreciation over the estimated useful lives of the assets. Assets are recorded at cost or their estimated fair market value for those assets where recorded were not available. Depreciation of \$177,265 and \$188,282 was recorded for the year ending June 30, 2023 and 2022, respectively.

NOTE 4 – CAPITAL LEASES

The Organization leases three tractors from Deere Credit, Inc. under a capital lease. The economic substance of the lease is that the Organization is financing the acquisition of the assets through the lease, and accordingly, it is recorded in the Organization's assets and liabilities. The lease agreement contains a bargain purchase option at the end of the lease term.

The following is a schedule by years of future minimum payments required under the lease together with their present value as of June 30, 2023:

2023/2024	28,269
2024/2025	17,480
2025/2026	-
2026/2027	-
Total Minimum Lease Payments	<u>45,749</u>
Less Amount Representing Interest	<u>-</u>
Present Value of Minimum Lease Payments	<u>\$ 45,749</u>

Amortization of assets held under capital leases is included with depreciation expense.

NOTE 5 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 18, 2024, which is the date the financial statements were issued.

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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 Trustees
Hardy Murphy Coliseum 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 Government Auditing Standards issued by the Comptroller General of the United States, the accompanying modified cash basis financial statements of the business-type activities of Hardy Murphy Coliseum Authority (a component unit of the City of Ardmore, Oklahoma) (the Authority), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements, and have issued our report thereon dated March 18, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

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.

Russell + Williams CPAs, P.C.

Oklahoma City, Oklahoma
March 18, 2024