

The McMahon Auditorium Authority

Financial Statements

June 30, 2024

The McMahon Auditorium Authority
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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
The McMahon Auditorium Authority
Lawton, Oklahoma

Report on the Audit of the Financial Statements

Opinion

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, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statement as listed in the table of contents.

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, 2024, 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.

Basis for Opinion

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 McMahon Auditorium 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 opinion.

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 McMahon Auditorium 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 Responsibility 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 opinion. 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 McMahon Auditorium 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 McMahon Auditorium 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

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 February 19, 2025 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 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 the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Mary E. Johnson & Associates PLLC".

Norman, Oklahoma
February 19, 2025

MCMAHON AUDITORIUM AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2024

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, 2024.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2024, the Authority's total net position increased by approximately \$61,683 or 7.55% from the prior year. The increase is primarily a result of increased number of performances, shows, and events, and additional grant funds received.
- For the fiscal year ended June 30, 2024, the Authority's operating income increased by approximately \$105,135 or 82.7% from the prior year due to increased number of events, including co-sponsored events with the City of Lawton. Total operating expenses increased by approximately \$42,664.00 or 14.31% over the prior year due to the additional cost of maintenance, repairs, and costs associated with free and low-cost entertainment and the International Festival.

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 promote arts and humanities programming in the City of Lawton, and to operate the activities of the City related to the use of the McMahon Auditorium, the Carnegie Library Town Hall, and the Lawton National Guard Amory 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

MCMAHON AUDITORIUM AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2024

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.

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, 2023 as compared to the prior year:

	2024	2023	% Change
Current assets	\$194,222.00	\$167,575.00	15.9%
Capital assets, net	\$707,265.00	\$656,586.00	7.72%
Total assets	\$878,312.00	\$835,758.00	7.55%
Current liabilities			
Total liabilities	\$237,598.00	\$19,128.00	1,142.15%
Net Position	\$707,264.00	\$656,586.00	7.7%
Net invested in capital assets			
Unrestricted	\$171,047.00	\$160,044.00	6.87%
Total Net Position	\$878,312	\$816,630.00	7.55%

The increase in total assets of \$61,682 or 7.55% from the prior year is a result of increased revenue from rentals, productions, and increased equipment purchases to improve programing. Depreciation expense of \$97,536.00 is recorded for the year ending June 30, 2024. Liabilities increased by \$218,470 or 1114.15% primarily due to storm damage related repairs that were completed on Arts and Humanities related buildings, and the funds would not be made available to the Authority to pay for repairs until the next City of Lawton fiscal year budget; therefore, the liabilities were carried over to the next Fiscal year.

The following is a condensed summary of the Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2024 as compared to the prior year:

	2024	2023	% Change
Total Operating Revenues	\$232,267	\$127,132.00	82.7%
Total Operating Expenses	\$340,746.00	\$298,100	14.31%
Operating Income (Loss)	(\$108,497)	(\$170,968)	36.54%
Non-operating revenue (expenses)			
Grant Revenue	\$181,433.00	\$82,148.00	120.87%
Capital Expense	(\$12,414.00)	\$0	N/A
Interest Income	\$1,151.00	\$905.00	27.18%
Net Non-operating revenues (expenses)	\$170,180.00	\$83,053.00	104.91%
Change in Net Position	\$61,683.00	\$(87,915.00)	170.16%

MCMAHON AUDITORIUM AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2024

	2024	2023	% Change
Net position-beginning of year	\$816,629.00	\$904,545.00	(9.71%)
Net position – end of year	\$878,312.00	\$816,630.00	7.55%

Revenues exceeded Expenses by \$61,693 primarily as a result of increased rentals, contract income, and grants. The net position increased by 7.55%. 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, 2024, the Authority reported approximately \$1,291,197.00 of capital assets being depreciated, less accumulated depreciation of \$583,932 for year ending June 30, 2024, depreciation expense on existing capital assets amounted to \$97,536.

Long-Term Debt

The Authority has no long-term debt outstanding at June 30, 2024.

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

The Authority retains 100% of the rent collected. If there are remaining funds after expenses they are used for capital improvements and/or purchase of equipment as designated by the Authority.

This year was the full year in operation after restrictions had been fully lifted after the COVID-19 Pandemic. It was also the first full year of operation in which McMahon Auditorium Authority assumed all functions of the Arts and Humanities Council, to include the International Festival. The International Festival had a hard time obtaining sponsorships after two years of cancelations.

Next year, we foresee positive growth in sponsorships and grant funds.

MCMAHON AUDITORIUM AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2024

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, 2024

ASSETS

Current Assets

Cash and cash equivalent	\$ 194,222
Accounts receivable	214,190
Total Current Assets	<u>\$ 408,644</u>

Noncurrent Assets

Capital assets being depreciated	1,291,197
Less accumulated depreciation	(583,932)
Total Noncurrent Assets	<u>\$ 707,265</u>

Total Assets	<u>\$ 1,115,909</u>
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LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$ 220,643
Deferred income	16,955
Total Current Liabilities	<u>\$ 237,598</u>

Net Position

Net Investment in capital assets	707,265
Unrestricted, available for general activities	171,046
Total net position	<u><u>\$ 878,311</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, 2024

OPERATING REVENUES

Auditorium fees	\$ 32,065
Ticket collections, net of promoter reimbursements of \$95,073	24,142
Miscellaneous Revenue	165,118
Contributions In-Kind	10,942
Total Operating Revenue	<u>\$ 232,267</u>

OPERATING EXPENSES

Auditorium maintenance	\$ 11,789
Stagehand and Technical fees	56,073
Depreciation	97,536
Other miscellaneous event costs	133,901
Professional services	11,115
Office expense	19,328
Other expense	11,022
Total Operating Expenses	<u>\$ 340,764</u>

OPERATING INCOME (LOSS) \$ (108,497)

NON-OPERATING REVENUE (EXPENSES)

Grant revenue	\$ 181,443
Capital Expense	(12,414)
Interest income	1,151
Net Non-operating revneues (expenses)	<u>\$ 170,180</u>

CHANGE IN NET POSITION \$ 61,683

NET POSITION, BEGINNING OF YEAR 816,628

NET POSITION, END OF YEAR \$ 878,311

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, 2024

OPERATING ACTIVITIES	
Receipts from customers	\$ 228,798
Payments to stagehands and vendors	<u>(232,286)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u>\$ (3,488)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash from grants	189,613
Acquisition of capital assets	<u>\$ (160,629)</u>
NET CASH FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES	<u>\$ 28,984</u>
INVESTING ACTIVITY	
Interest income	<u>\$ 1,151</u>
NET CASH FROM INVESTING ACTIVITIES	<u>\$ 1,151</u>
NET CHANGE IN CASH	\$ 26,647
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>167,574</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 194,222</u></u>
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (108,497)
Charges and credit to change in net asset not affecting cash	
Depreciation	97,536
Changes in assets and liabilities	
Accounts Receivable	(203,493)
Prepaid Expenses	668
Accounts Payable	214,399
Deferred Revenue	<u>(4,101)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u><u>\$ (3,488)</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, 2024

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, 2024

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

Accounts Receivable

Accounts receivable include 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, 2024

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

Net Position Disclosure

Net position classifications 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. No amounts were collected for this fiscal year.

May, 2024 the City of Lawton agreed to allocate \$307,096 from the City At Large Contingency Account to the Authority for the repair, renovation, restoration and maintenance of Carnegie Library and the National Guard Armory.

The McMahon Auditorium Authority
Notes to Financial Statements
June 30, 2024

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 costs, security and other technical services. The Authority retains the stagehand fee and technical fees which are used to pay for these outside services, which the Authority organizes and administers. Security for events is operated by an outside company and billed separately by event. Ticket sale collections are 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.

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. As of June 30, 2024, the Authority was not exposed to custodial credit risk.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Furniture and fixtures	\$ 319,264	\$ 133,438	\$ -	\$ 452,702
Building improvements	725,864	-	-	725,864
Machinery and equipment	97,854	14,777	-	112,631
Total capital assets being depreciated:	<u>1,142,982</u>	<u>148,215</u>	<u>-</u>	<u>1,291,197</u>
Less accumulated depreciation for:				
Furniture and fixtures	\$ (173,792)	\$ (48,900)	\$ -	\$ (222,692)
Building improvements	(235,296)	(44,302)	-	(279,598)
Machinery and equipment	(77,308)	(4,335)	-	(81,642)
Total accumulated depreciation	<u>(486,396)</u>	<u>(97,537)</u>	<u>-</u>	<u>(583,932)</u>
Total capital assets being depreciated	<u>\$ 656,586</u>	<u>\$ 50,678</u>	<u>\$ -</u>	<u>\$ 707,265</u>

The McMahon Auditorium Authority
Notes to Financial Statements
June 30, 2024

NOTE 7 – SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through the date which the financial statements were available to be issued.

The City has agreed to make available \$37,000 of the 2024-2025 Hotel/Motel fund allocations for supporting tourism through (1) Arts and Humanities programs and activities in Lawton and (2) the purchase or rental of technical equipment and supplies in support thereof. This allocation is subject to the City's collection of the Hotel/Motel taxes.



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, 2024, and the related notes to the financial statements, which collectively comprise The McMahon Auditorium Authority's basic financial statements and have issued our report thereon dated February 19, 2025.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The McMahon Auditorium 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.

A handwritten signature in cursive script that reads "Mary E. Johnson & Associates PLLC".

Norman, Oklahoma
February 19, 2025