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State Auditor & Inspector

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**FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

MUSEUM OF THE GREAT PLAINS AUTHORITY

June 30, 2011 and 2010

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Museum of the Great Plains Authority
Lawton, Oklahoma

We have audited the accompanying statements of net assets of the Museum of the Great Plains Authority (the Authority) as of June 30, 2011 and 2010, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 Comptrollers 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Museum of the Great Plains Authority as of June 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2011, on our consideration of the Authority's internal control over financial reporting and 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 result 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* and should be considered in assessing the results of our audits.

The Management's Discussion and Analysis, on pages i through iv, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Stanfield & Brim, P.C.

Lawton, Oklahoma
October 31, 2011

Museum of the Great Plains Authority
Management's Discussion and Analysis
June 30, 2011

As management of the Museum of the Great Plains Authority (the Authority), we offer readers of the Authority's financial statements this overview and analysis of the financial activities of the Authority for the fiscal years ended June 30, 2011, 2010 and 2009.

The Museum of the Great Plains Authority is a proprietary fund classified as an enterprise fund used to account for business-type activities. This type of fund accounts for operations that are financed and operated in a manner similar to private business enterprises. Revenue sources of the Authority include intergovernmental contributions, private contributions, memberships, investments earnings, user charges and sales.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of business June 30, 2011, by \$1,740,843 (net assets). Of this amount, \$213,188 (unrestricted net assets) may be used to meet the Authority's ongoing obligations to citizens and creditors. The assets of the Authority exceeded its liabilities at the close of business June 30, 2010 by \$1,666,332 (net assets). Of this amount, \$191,576 (unrestricted net assets) may be used to meet the Authority's ongoing obligations to citizens and creditors. And the assets of the Authority exceeded its liabilities at the close of business June 30, 2009, by \$1,500,292 (net assets). Of this amount, \$151,097 (unrestricted net assets) may be used to meet the Authority's ongoing obligations to citizens and creditors.
- Not shown in these statements are a total of 4,265 volunteer hours. Of those, 1,250 hours are from trustees of the City of Lawton Jail system. These trustees provide services that if paid for from the annual budget of the Museum, the amount would exceed \$14,275. The other 3,015 volunteer hours would amount to approximately \$36,180 in man hours.

Overview of the Financial Statements

The Financial Statements are designed to provide readers with a broader overview of the Authority's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets serve as a useful indicator of changes in a government's financial position.

The *Statement of Revenues, Expenses and Changes in Net Assets* serve as the basic statement of activities, which presents information showing how the government's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal period (e.g., unused vacation leave). In this statement, the focus is on expenses rather than expenditures.

The *Statement of Cash Flows* provides information about the Authority's cash receipts and cash payments for the period ending June 30, 2011, 2010, and 2009. This statement reports cash receipts, cash payments and changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash balance during the period.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements also include notes that explain in more detail some of the information in the financial statements.

Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. As noted earlier, the Authority's assets exceeded liabilities by \$1,740,841 at the close of the year in 2011, \$1,666,332 in 2010, and \$1,500,292 in 2009.

- The largest portion of the Authority's net assets (79 percent) reflects its investment in capital assets (e.g., building, machinery and equipment and artifacts). The Authority used these capital assets to provide services to the citizens; consequently these assets are not available for future spending. Capital assets in 2010 were approximately 80 percent and 83 percent in 2009.
- Capital assets increased \$42,340 or 3.2 percent over the prior year amount. In 2010 capital assets increased by \$82,363 or 6.6 percent over 2009, primarily due to a large grant received. In 2009 capital assets decreased \$11,296 or 0.9 percent.
- Operating and non-operating revenues exceeded operating and non-operating expenses by \$74,509 in 2011 and \$166,040 in 2010. In 2009 operating expenses exceeded operating and non-operating revenues by \$21,161.

Capital Assets

At June 30, 2011, 2010 and 2009, the Museum had approximately \$1.4 million invested in capital, net of accumulated depreciation of \$266 thousand in 2011, \$248 thousand in 2010, and \$240 thousand in 2009. Depreciation charges totaled approximately \$18 thousand for the 2011, \$21 thousand in 2010, and \$28 thousand 2009. Details of these assets for the three years are shown below.

CAPITAL ASSETS, NET JUNE 30

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Furniture and equipment	\$ 144,442	\$ 150,977	\$ 152,331
Displays	12	85	1,858
Leasehold improvements	87,907	94,401	52,465
Collections and exhibits	1,138,030	1,082,588	1,039,034
Total net capital assets	<u>\$ 1,370,391</u>	<u>\$ 1,328,051</u>	<u>\$ 1,245,688</u>

CONDENSED STATEMENT OF NET ASSETS

JUNE
30

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Current assets	441,315	417,972	322,459
Capital assets	1,370,391	1,328,051	1,245,688
Total assets	<u>1,811,706</u>	<u>1,746,023</u>	<u>1,568,147</u>
Total liabilities	70,865	79,691	67,855
Net assets			
Invested in capital assets	1,370,391	1,328,051	1,245,688
Restricted - Grant projects	157,263	146,705	103,507
Unrestricted	213,187	191,576	151,097
Total net assets	<u>\$ 1,740,841</u>	<u>\$ 1,666,332</u>	<u>\$ 1,500,292</u>

CONDENSED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS JUNE 30

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenues:			
Admissions	53,672	48,477	46,435
Gift shop sales	56,065	52,393	49,005
Other	53,014	70,766	56,107
Total operating revenues	<u>162,751</u>	<u>171,636</u>	<u>151,547</u>
Operating expenses;			
Personnel services	512,108	491,316	483,694
General and administrative	76,724	77,483	83,226
Maintenance, operations and contractual services	129,474	113,075	69,340
Material and supplies	83,265	52,071	49,537
Other expenses	30,178	28,284	29,116
Total operating expenses	<u>831,749</u>	<u>762,229</u>	<u>714,913</u>
Total operating loss	(668,998)	(590,593)	(563,366)
Non-operating revenues:			
Contributions from City of Lawton	591,178	575,000	575,000
Other revenues	142,329	181,633	9,527
	<u>733,507</u>	<u>756,633</u>	<u>584,527</u>
Change in net assets	64,509	166,040	21,161
Net assets, beginning of year	<u>1,666,332</u>	<u>1,500,292</u>	<u>1,479,131</u>
Net assets, end of year	<u><u>1,730,841</u></u>	<u><u>1,666,332</u></u>	<u><u>1,500,292</u></u>

CONDENSED STATEMENTS OF CASH FLOWS
JUNE 30

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net cash used by operating activities	\$ (665,358)	\$ (559,865)	\$ (529,835)
Net cash provided by non-capital financing activities	729,453	705,766	579,108
Net cash used by capital and related financing activities	(56,541)	(104,236)	(13,564)
Net cash provided by investing activities	<u>2,028</u>	<u>2,406</u>	<u>118,183</u>
Net increase in cash	9,582	44,071	153,892
Cash, beginning of year	<u>284,499</u>	<u>240,428</u>	<u>86,536</u>
Cash, end of year	<u>\$ 294,081</u>	<u>\$ 284,499</u>	<u>\$ 240,428</u>

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Museum of the Great Plains Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the office of the Director, Museum of the Great Plains, 601 NW Ferris Avenue, Lawton, OK 73507.

Museum of the Great Plains Authority

STATEMENT OF NET ASSETS

June 30,

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets		
Cash (note B)	\$ 294,081	\$ 284,499
Certificate of deposit	55,419	54,735
Accounts receivable	50,542	48,252
Inventory	30,206	24,975
Other assets	11,067	5,511
Total current assets	<u>441,315</u>	<u>417,972</u>
Noncurrent assets		
Capital assets, net (note C)	<u>1,370,391</u>	<u>1,328,051</u>
Total assets	<u>1,811,706</u>	<u>1,746,023</u>
 LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	31,460	44,862
Accrued wages and vacation	<u>39,405</u>	<u>34,829</u>
Total current liabilities	<u>70,865</u>	<u>79,691</u>
 NET ASSETS		
Invested in capital assets	1,370,391	1,328,051
Restricted		
Grant projects	157,263	146,705
Unrestricted	<u>213,187</u>	<u>191,576</u>
Total net assets	<u>\$ 1,740,841</u>	<u>\$ 1,666,332</u>

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

Museum of the Great Plains Authority

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS**

Years Ended June 30,

	<u>2011</u>	<u>2010</u>
Operating revenues		
Admissions	\$ 53,672	\$ 48,477
Gift Shop Sales	56,065	52,393
In-kind contributions	5,702	11,243
Miscellaneous contributions	20,096	20,177
Other	37,216	39,346
Total operating revenues	<u>172,751</u>	<u>171,636</u>
Operating expenses		
Salaries	412,914	394,694
Taxes and fringe benefits	99,194	96,622
General and administrative	76,724	77,483
Maintenance, operations and contractual services	129,474	113,075
Materials and supplies	83,265	52,071
Cost of merchandise sold	30,178	28,284
Total operating expenses	<u>831,749</u>	<u>762,229</u>
Net operating expenses	<u>(658,998)</u>	<u>(590,593)</u>
Nonoperating revenues		
Contribution from the City of Lawton	591,178	575,000
Grants - McMahon Foundation	2,000	59,285
Grants - other	137,617	119,000
Interest income	2,712	3,348
Total nonoperating revenues	<u>733,507</u>	<u>756,633</u>
Decrease in net assets	74,509	166,040
Total net assets, beginning of year	<u>1,666,332</u>	<u>1,500,292</u>
Total net assets, end of year	<u>\$ 1,740,841</u>	<u>\$ 1,666,332</u>

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

Museum of the Great Plains Authority

STATEMENT OF CASH FLOWS

Years Ended June 30,

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Receipts from members and users	\$ 166,101	\$ 160,592
Payment to suppliers	(423,121)	(327,014)
Payment to employees	(408,338)	(393,443)
Net cash used by operating activities	<u>(665,358)</u>	<u>(559,865)</u>
Cash flows from noncapital financing activities		
Contribution received from the City of Lawton	589,836	527,481
Grants received from others	139,617	178,285
Net cash provided by noncapital financing activities	<u>729,453</u>	<u>705,766</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	(56,541)	(103,825)
(Loss) gain on disposal of assets	-	(411)
Net cash used by capital and related financing activities	<u>(56,541)</u>	<u>(104,236)</u>
Cash flows from investing activities		
Purchase certificates of deposit	(55,419)	(54,735)
Redemption of certificates of deposit	54,735	53,793
Interest received on cash accounts and certificate of deposit	2,712	3,348
Net cash provided by investing activities	<u>2,028</u>	<u>2,406</u>
Net increase in cash	9,582	44,071
Cash, beginning of year	<u>284,499</u>	<u>240,428</u>
Cash, end of year	<u>\$ 294,081</u>	<u>\$ 284,499</u>
Reconciliation of net operating expenses to net cash used by operating activities:		
Net operating expenses	\$ (658,998)	\$ (590,593)
Adjustments to reconcile net operating expenses to net cash used by operating activities		
Depreciation and amortization	17,952	21,547
Contributed capital assets	(3,677)	-
(Increase) decrease in:		
Accounts receivable	(948)	199
Inventory	(5,231)	(2,855)
Other assets	(5,630)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(13,402)	10,586
Accrued wages and vacation	4,576	1,251
Total adjustments	<u>(6,360)</u>	<u>30,728</u>
Net cash used by operating activities	<u>\$ (665,358)</u>	<u>\$ (559,865)</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE A – DESCRIPTION OF THE ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Operations

The Museum of the Great Plains Authority (the Authority) was established as an Oklahoma Public Trust in January 1998, and began operations in July 1998. The Authority was created for the purpose of operating the Museum of the Great Plains in Lawton, Oklahoma. The Museum of the Great Plains was founded in 1961, operating as a not-for-profit entity dedicated to the preservation and exhibition of historical and archeological information about the Great Plains area of the central United States. The Authority's Board is made up of nine members, three of which represent the City of Lawton, three represent the McMahan Foundation, and three represent the Institute of the Great Plains, Inc. The Authority is a component unit included in the financial statements of the City of Lawton.

Significant accounting policies in the preparation of the accompanying financial statements are as follows:

2. Financial Statement Presentation

The Authority has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America. In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The Authority implemented GASB Statement No. 34 for the year ended June 30, 2003.

Under the provisions of GASB No. 34, the Authority reports as an enterprise fund engaged in business type activities. Business type activity reporting requires the Authority to present only the basic financial statements and required supplementary information (RSI) for an enterprise fund that includes management's discussion and analysis (MD&A), a statement of net assets or a balance sheet, a statement of revenues, expenses, and changes in net assets, a statement of cash flows, notes to the financial statements, and other applicable RSI. The required basic financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE A – DESCRIPTION OF THE ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

2. *Financial Statement Presentation – (Continued)*

The Authority reports revenue related to admissions, gift shop sales and in-kind and miscellaneous contributions as operating revenues. Operating expenses include salaries and related costs, general and administrative costs, materials and supplies cost, maintenance, operations and contractual services. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

3. *Basis of Accounting*

The Authority is accounted for as an enterprise fund and, accordingly, has adopted the accrual basis of accounting for reporting purposes. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when incurred.

The Authority applies all Governmental Accounting Standards Board (GASB) pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict the GASB pronouncements.

4. *Cash and Cash Equivalents*

Cash and cash equivalents consist primarily of funds held by a financial institution. For purposes of the statement of cash flows, the Authority considers cash and cash equivalents to be currency on-hand and demand deposits with a financial institution.

5. *Accounts Receivable*

The Authority considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

6. *Inventory*

Inventory represents merchandise held for resale in the Authority's gift shop and consists primarily of educational and gift items related to the Authority's Great Plains theme. Inventory is stated at lower of cost or market, on the first-in, first-out basis.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE A – DESCRIPTION OF THE ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

7. *Other Assets*

As of June 30, 2011 and 2010, other assets include \$3,000 copyright, net of \$869 and \$794, respectively, of accumulated amortization. Amortization expenses of \$75, is included in general and administrative expense for the years ended June 30, 2011 and 2010.

8. *Capital Assets*

Capital assets purchased by the Authority are stated at cost. Capital assets contributed to the Authority are stated at their fair value at date of contribution. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, as follows:

Equipment	5-10 years
Office furniture and equipment	7-10 years
Leasehold improvements	40 years

Collections and exhibits consist of artifacts and museum exhibits. Collections and exhibits obtained prior to July 1, 1998, are owned by the Institute of the Great Plains, Inc. and are leased by the Authority. Collections and exhibits contributed after June 30, 1998, are the Authority's and are recorded at their fair value at date of contribution. Collections and exhibits are not depreciated.

Maintenance and repairs are charged to operations, renewals and betterments are capitalized. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded as a non-operating revenue or expense.

The Authority operates out of a special purpose facility owned by the City of Lawton. The Authority does not pay rent, however, it fulfills the terms of the lease agreement which is to provide continued operations of the museum in promoting economic, cultural and tourism development in the community. The Authority is responsible for the maintenance and operations of the facility.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE A – DESCRIPTION OF THE ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

9. Income Taxes

Income taxes are not provided for, as the Authority is an exempt municipal instrumentality. In addition, the Authority is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. The Authority received its advance tax determination letter from the Internal Revenue Service (IRS) in July 1999, and in October 2002, the Authority received a final determination letter from the IRS stating that the Authority is not a private foundation within the meaning of IRS Code Section (509)(a). Grantors and contributors may rely on this determination unless the IRS publishes notice to the contrary.

10. Net Assets

The difference between the Authority's assets and liabilities is its net assets. Net assets are displayed in three components – invested in capital assets, restricted and unrestricted. Certain assets of the Authority are classified as restricted assets because their use is completely restricted by grant agreements or donor-imposed stipulation. Management has adopted the policy to spend restricted resources before the use of unrestricted resources when grant requirements or donor stipulations have been met.

11. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The significant estimates used in the preparation of these financial statements include the fair value of collections and exhibits donated to the Authority, as well as the depreciation of capital assets.

NOTE B – CASH AND CERTIFICATE OF DEPOSIT

The Authority's cash and certificate of deposit are on deposit with a local financial institution. The Authority requires that balances on deposit with financial institutions be insured by Federal Deposit Insurance or collateralized by securities held by the pledging financial institution's trust department or agent in the Authority's name.

Museum of the Great Plains Authority

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE C – CAPITAL ASSETS

A summary of changes in capital assets during the years ended June 30, 2011 and 2010, are as follows:

	July 1, 2010	Additions	Deletions	June 30, 2011
Furniture and equipment	\$ 307,109	\$ 4,775	\$ -	\$ 311,884
Displays	17,725	-	-	17,725
Leasehold improvements	169,378	-	-	169,378
Collections and exhibits	1,082,588	55,442	-	1,138,030
	1,576,800	60,217	-	1,637,017
Accumulated depreciation	(248,749)	(17,877)	-	(266,626)
Total	<u>\$ 1,328,051</u>	<u>\$ 42,340</u>	<u>\$ -</u>	<u>\$ 1,370,391</u>
	July 1, 2009	Additions	Deletions	June 30, 2010
Furniture and equipment	\$ 309,018	\$ 12,108	\$ (14,017)	\$ 307,109
Displays	17,725	-	-	17,725
Leasehold improvements	120,092	49,286	-	169,378
Collections and exhibits	1,039,034	43,554	-	1,082,588
	1,485,869	104,948	(14,017)	1,576,800
Accumulated depreciation	(240,181)	(21,472)	12,904	(248,749)
Total	<u>\$ 1,245,688</u>	<u>\$ 83,476</u>	<u>\$ (1,113)</u>	<u>\$ 1,328,051</u>

Depreciation expenses of \$17,877 and \$21,472 is included in general and administrative expense for the years ended June 30, 2011 and 2010.

NOTE D – SIMPLE INDIVIDUAL RETIREMENT ACCOUNT PLAN

The Authority offers a Simple Individual Retirement Account Plan to eligible employees who elect to participate. All employees who are reasonably expected to receive at least \$5,000 in compensation for the calendar year and are not covered under a collective bargaining agreement are eligible. Employees can elect to defer part of their salary, up to a maximum of \$11,500 for 2011 and 2010. The Authority matches each participant's deferred salary on a dollar-for-dollar basis, up to a maximum of 3% of employee's compensation for the year. Included in taxes and fringe benefits is \$11,409 and \$11,035 of the Authority's matching contributions for the years ended June 30, 2011 and 2010, respectively.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE E – ENDOWMENT PROGRAM

The Authority has invested in the Lawton Community Foundation's Designated Endowment Program (LCFDEP) through the Retail Merchants Association (RMA) matching grant program. The Authority and RMA have invested \$10,000 each. During the year ended June 30, 2011 and 2010 respectively, the Authority received the interest earned of \$1,207 and \$1,330 from LCFDEP. The Lawton Community Foundation (LCF) will invest the endowment for the benefit of the Authority. The Authority will receive an annual distribution from LCFDEP as calculated using the fair value of the endowment. The funds paid by or on behalf of the Authority are nonrefundable. The Authority's right to receive distributions terminates if the Authority should cease to exist. Since the Authority has no right to the principal portion, management has determined the endowment fund should not be recognized in the accompanying statements of net assets.

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS



**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Museum of the Great Plains Authority
Lawton, Oklahoma

We have audited the financial statements of the Museum of the Great Plains Authority (the Authority) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 31, 2011. 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**.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Finance Committee, Board of Trustees, management, and the State of Oklahoma Office of the Auditor and Inspector, and is not intended to be and should not be used by anyone other than these specified parties.

Stanfield & Brim, P.C.

Lawton, Oklahoma
October 31, 2011