

THE MUSKOGEE TOURISM AUTHORITY

Financial Statements

Year Ended June 30, 2024

With

Independent Auditor's Report



THE MUSKOGEE TOURISM AUTHORITY

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statement of Net Position - June 30, 2024	3
Statement of Revenue, Expenses and Changes in Net Position - Year Ended June 30, 2024	4
Statement of Cash Flows - Year Ended June 30, 2024	5
Notes to Financial Statements	6 - 13
Other Reports:	
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 <i>Government Auditing Standards</i>	14 - 15



Independent Auditor's Report

To The Board of Trustees of
The Muskogee Tourism Authority
Muskogee, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Muskogee Tourism Authority (a City Trust Authority), which comprise the statement of net position as of June 30, 2024, and the related statements of revenue, expenses and changes in net position, and statement of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the net position of The Muskogee Tourism Authority as of June 30, 2024, and the results of its operations and its 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 Muskogee Tourism 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 Muskogee Tourism Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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 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 Muskogee Tourism 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 of events, considered in the aggregate, that raise substantial doubt about The Muskogee Tourism 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2024, on our consideration of The Muskogee Tourism 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 Muskogee Tourism 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 Muskogee Tourism Authority's internal control over financial reporting and compliance.

MORSE & CO., PLLC

Tulsa, Oklahoma
November 27, 2024

THE MUSKOGEE TOURISM AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2024

	ASSETS		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 46,952	\$ 279	\$ 47,231
Cash and cash equivalents - restricted	-	125,919	125,919
Prepaid expense	39,371	6,150	45,521
Capital assets, net	9,207	211,631	220,838
Total assets	<u>\$ 95,530</u>	<u>\$ 343,979</u>	<u>\$ 439,509</u>
LIABILITIES AND NET POSITION			
Liabilities			
Checks written in excess of cash	\$ -	\$ 5,318	\$ 5,318
Accounts payable	10,201	-	10,201
Credit card payable	2,317	-	2,317
Total liabilities	<u>12,518</u>	<u>5,318</u>	<u>17,836</u>
Net Position			
Restricted	-	125,919	125,919
Unassigned	83,012	212,742	295,754
Total net position	<u>83,012</u>	<u>338,661</u>	<u>421,673</u>
Total liabilities and net position	<u>\$ 95,530</u>	<u>\$ 343,979</u>	<u>\$ 439,509</u>

See independent auditor's report and accompanying notes to financial statements.

THE MUSKOGEE TOURISM AUTHORITY
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
Operating revenues			
Hotel and motel tax revenues	\$ 520,500	\$ -	\$ 520,500
Donations, sponsorships and memberships	78,368	12,925	91,293
Concessions	-	14,129	14,129
Rental revenues	-	8,400	8,400
Event and movie tickets	-	8,243	8,243
Tuition	-	1,140	1,140
Novelties	-	505	505
Total operating revenues	<u>598,868</u>	<u>45,342</u>	<u>644,210</u>
Cost of sales			
Event contracts	-	7,537	7,537
Sales tax expense	-	4,806	4,806
Concessions supplies	-	4,528	4,528
Movie purchases	-	2,782	2,782
Novelties expense	-	789	789
Processing fees	-	344	344
Total cost of sales	<u>-</u>	<u>20,786</u>	<u>20,786</u>
Change in net position before operating expenses	<u>598,868</u>	<u>24,556</u>	<u>623,424</u>
Operating expenses			
Personnel and fringe benefits	202,463	68,446	270,909
Events and programming	132,118	-	132,118
Management fee	60,000	60,000	120,000
Advertising and marketing	109,721	1,605	111,326
Grant expense	83,570	-	83,570
Technology	29,272	-	29,272
Legal and accounting	21,645	2,335	23,980
Building maintenance	-	20,810	20,810
Depreciation	4,089	9,545	13,634
Software and office supplies	4,537	8,515	13,052
Insurance and licensing	2,185	7,595	9,780
Travel	4,880	-	4,880
Tours and meetings	3,806	-	3,806
Total operating expenses	<u>658,286</u>	<u>178,851</u>	<u>837,137</u>
Change in net position before nonoperating revenues	<u>(59,418)</u>	<u>(154,295)</u>	<u>(213,713)</u>
Nonoperating revenues			
City subsidy (See Note 2 - page 12)	-	110,000	110,000
Interest revenue	-	3,679	3,679
Total nonoperating revenues	<u>-</u>	<u>113,679</u>	<u>113,679</u>
Transfers - internal activity	61,996	(61,996)	-
Change in net position	<u>2,578</u>	<u>(102,612)</u>	<u>(100,034)</u>
Net position - beginning of the year	80,434	441,273	521,707
Net position - end of the year	<u>\$ 83,012</u>	<u>\$ 338,661</u>	<u>\$ 421,673</u>

See independent auditor's report and accompanying notes to financial statements.

THE MUSKOGEE TOURISM AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
Operating activities			
Change in net position	\$ 2,578	\$ (102,612)	\$ (100,034)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	4,089	9,545	13,634
Changes in operating assets and liabilities:			
Accounts receivable	-	11,700	11,700
Prepaid expenses	(491)	(2,494)	(2,985)
Accounts payable	(2,718)	-	(2,718)
Credit card payable	2,317	-	2,317
Net cash provided by (used in) operating activities	<u>5,775</u>	<u>(83,861)</u>	<u>(78,086)</u>
Investing activities			
Purchase of capital assets	<u>(4,800)</u>	<u>-</u>	<u>(4,800)</u>
Net cash provided by (used in) investing activities	<u>(4,800)</u>	<u>-</u>	<u>(4,800)</u>
Financing activities			
Checks written in excess of cash	<u>-</u>	<u>5,318</u>	<u>5,318</u>
Net cash provided by (used in) financing activities	<u>-</u>	<u>5,318</u>	<u>5,318</u>
Net increase (decrease) in cash	975	(78,543)	(77,568)
Cash and cash equivalents, beginning of year	<u>45,977</u>	<u>204,741</u>	<u>250,718</u>
Cash and cash equivalents, end of year	<u>\$ 46,952</u>	<u>\$ 126,198</u>	<u>\$ 173,150</u>

See independent auditor's report and accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Muskogee Tourism Authority (the “Authority”) is the lead tourism agency for the City of Muskogee, Oklahoma. The Authority has two dba’s; Roxy Theater and Visit Muskogee.

Roxy Theater Community Trust Now Operated as Muskogee Tourism Authority

On March 26, 2018, the City Council of the City of Muskogee (the “Trustor”) and the original trustees of the Trust, Bob Coburn, Jaime Stout, and Marlon Coleman executed a Trust Indenture of the Roxy Theater Community Trust, a municipally owned Trust (the “Trust”) to undertake or support, either through financial or other means, activities within the community of Muskogee, Oklahoma, which enhance, support and foster tourism. In consideration of the payment of the Trustor to the Trustees for the total sum of One Dollar (\$1.00) and other valuable considerations, the said Trustees agreed to have and to hold Roxy Theater (the “Facility”) and the proceeds, rents, profits and increases in trust for the benefit of current and future generations of the residents of the City of Muskogee, Oklahoma, referred to collectively as the Beneficiary of the Trust.

Oxford Productions, Inc. – Manager of the Trust & Muskogee Tourism Authority

Oxford Productions, Inc. is in the business of private management of public facilities in the United States of America. It is organized as a non-profit, public trust authority of the City of Muskogee under the laws of the State of Oklahoma and its principal place of business is located at 501 S. 45th St. E., Muskogee, Oklahoma 74403.

The Muskogee Tourism Authority has entered into an agreement with Oxford Productions, Inc. (the “Manager”) to act as the sole and exclusive manager and operator of the Facility on behalf and for the benefit of the Trust. The management agreement was made effective on the 1st day of July 2018 for a term of 10 years expiring on June 31, 2028, unless sooner terminated pursuant to the provisions in the agreement.

Oxford Productions, Inc.'s services under the agreement relate to the management of the activities within the Facility, as a multi-purpose theater. Oxford Productions, Inc. will provide day-to-day general management and supervision of all activities at the Facility. On December 22, 2021 the Authority amended the management agreement to include managing the Visit Muskogee Tourism program. Management activities include: planning, marketing, fiscal analysis and budget management, personnel supervision, payroll related obligations of personnel working with the facility, purchasing and acquisition, facility and equipment rental, contract negotiation and execution, and, except for repairs & maintenance, all other activities necessary for the general provision of services for the Roxy Theater's activities including entertainment events, rental of the facility, and advertising and contracts.

In consideration of Manager's performance of its services, the trust agrees to pay Manager a monthly fixed management fee of \$4,000 effective July 1, 2018 continuing for the first twelve months, to be raised to \$5,000 beginning the 13th month continuing through the term of the Agreement. The Trust agrees to pay Manager a three percent (3%) financing fee, compounded monthly in the event the Trust may delay reimbursement payment for the fixed management fee. Delayed payments shall not be more than 180 days. In consideration for the additional services provided by the Manager, related to the Visit Muskogee Tourism program, the Trust agrees to pay an additional fee of \$3,000 per month. An incentive fee shall be paid to the Manager, which is determined by the Executive Committee of the Muskogee Tourism Authority on an annual basis. The total incentive fee shall not exceed \$24,000 each fiscal year.

(Continued)

THE MUSKOGEE TOURISM AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Oxford Productions, Inc. – Manager of the Trust & Muskogee Tourism Authority (Continued)

As required by the agreement, the accompanying financial statements only include revenues and expenses associated with the operation of the Facility. These financial statements are not intended to represent the revenues and expenses of Oxford Productions, Inc. itself. Operation of the trust commenced under Oxford Production's management in August 2018.

Limitations on Manager's Duties

Manager's obligations under the Agreement are contingent upon and subject to the Trust making available the funds budgeted for and/or reasonably required by Manager to carry out such obligations. Manager shall have no liability to the Trust or any other party in the event Manager does not perform any of its obligations due to failure by the Trust to timely provide funds. Manager shall have no liability for any repairs and maintenance on the facility.

Relationship of Parties

Manager and Trust acknowledge and agree that they are not joint ventures, partners, or joint owners with respect to the Facility, and nothing contained in the agreement that a partnership, joint venture or similar relationship is created between the Trust & Manager. In operating the Facility, entering into contracts, accepting reservations for use of the Facility, and conducting financial transactions for the Facility, Manager acts on behalf of and as agent for the Trust (subject to limitations as embodied in the agreement) with the fiduciary duties required by law of a party acting in such capacity.

Basis of Accounting

The financial statements consist of government-wide statements, including a statement of net position, a statement of revenue, expenses and changes in net position, and a statement of cash flows. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

Basis of Presentation

Government-wide Financial Statements - The statement of net position and the statement of revenue, expenses and changes in net position display information about the Authority as a whole. The statements distinguish between those activities of the Authority that are governmental and those that are considered business-type activities.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The statement of net position presents the financial condition of the governmental and business-type activities at year-end. The statement of revenue, expenses and changes in net position presents a comparison between direct expenses and program revenues for each program or function of the Authority's governmental activities and for the business-type activities of the Authority. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on program revenues are presented as general revenues of the Authority, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Authority.

Fund Financial Statements - During the year, the Authority segregates transactions related to certain Authority functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Authority at this more detailed level.

Governmental Funds - Used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Sales and use taxes collected and held by the state and county at year-end on behalf of the Authority are susceptible to accrual and are recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Enterprise Funds - used to account for those operations that are financed and operated in a manner similar to private business where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for capital maintenance, public policy or management accountability.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balance

In the government-wide financial statement, net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when limitations on its use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered non-spendable (i.e., fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund) and those that are spendable (such as fund balance associated with cash, investments or receivables).

Amounts in the spendable fund balance category are further classified as restricted or unassigned, as appropriate:

Restricted fund balance - represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Unassigned fund balance - is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly-liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Accounts Receivable

Accounts receivable consist of amounts owed to the Authority for sponsorships and services and are stated at the amount management expects to collect from outstanding balances. These balances are generally due the subsequent month billed. Accounts receivable are short-term, non-interest bearing, and uncollateralized. Management routinely reviews all accounts receivable balances beyond their due dates and, based on an assessment of current credit worthiness, estimates the portion if any, of the balance that may not be collected. Doubtful accounts are charged to operations in the period deemed uncollectible. Management has determined no allowance was necessary at June 30, 2024.

(Continued)

THE MUSKOGEE TOURISM AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the capital assets, which range from three to thirty years. The Authority follows the practice of capitalizing expenditures for capital assets in excess of \$2,500 with a useful life of more than one year.

The Authority records impairments to its fixed assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated lives. Impairments are recorded to reduce the carrying value of the assets to their estimated fair values determined by the Authority based on facts and circumstances in existence at the time of the determination, estimates of probable future economic conditions, and other information. No impairments were recorded in 2024.

Capital Expenditures

All expenditures for building additions, alteration, repairs, utilities, or improvements and purchases of additional or replacement furniture, machinery or equipment for the facility shall be paid for by the Trust from the Building Fund Account.

Prepaid expenses

Prepaid expenses consist of prepaid marketing, insurance and subscription fees the Authority will benefit from in future periods.

Income Taxes

The operation of the Muskogee Tourism Authority is not a taxable entity on a standalone basis. Most items of income and expense from the operation of the Roxy Theater are reported by the City of Muskogee, a non-taxable entity in relation to income taxes. Accordingly, no provision for federal or state income tax expense appears on the statement of revenue, expenses and changes in net position, and no liability for federal or state income taxes appears on the statement of net position.

Accounting Estimates

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management periodically evaluates estimates used in the preparation of the financial statement for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. It is reasonably possible that changes may occur in the near term that would affect management's estimates with respect to depreciation, allowance for doubtful accounts, and accrued expenses.

(Continued)

THE MUSKOGEE TOURISM AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Authority expenses advertising costs as incurred. Advertising expense was \$111,326 for the year ended June 30, 2024.

Subsequent Events

In July 2024, the Authority signed a one-year memorandum of understanding with the Three Rivers Museum (the “Museum”) to contract the services of the Museum in order to “effectively implement cultural and tourism development of the greater Muskogee community.” The Authority paid the Museum in the amount of \$60,000 to accomplish this goal.

The Authority has evaluated subsequent events through November 27, 2024, the date the financial statements were available to be issued.

NOTE 2 - DETAILED NOTES REGARDING THE FUNDS

Procedure for Handling Income

Muskogee Tourism Authority Operating Account, formerly entitled Roxy Theater Community Trust Operating Account – This account is made up of two subaccounts for accounting purposes:

Roxy Theater Operating Account – All revenues derived from the operation of the Roxy Theater are deposited into this account and all expenditures for the Roxy Theater general operations are made from this account.

Visit Muskogee Operating Account – This is a subaccount where the hotel/motel tax revenues are deposited, and all expenditures made for the operation of the tourism program.

Muskogee Tourism Authority Building Fund, formerly entitled Roxy Theater Community Trust Building Fund Restricted – The Trust shall deposit into this account funds subsidized by the City of Muskogee, which is to be strictly used for capital improvements, payments for building utilities, and repairs and maintenance on the facility. The Trust agrees to deposit on the first day of the operating year the annual budgeted subsidy for building maintenance.

Source of Funding

The operating account shall be funded with amounts generated from the operation of the Roxy Theater and disbursements from the City of Muskogee for the operation of the Visit Muskogee Tourism Program, or otherwise made available by the Trust. Manager shall pay all items of expenses for the operation, custodial services, supervision, promotion, and management of the Facility from the funds in the operating account, which Manager may access periodically for its purpose.

(Continued)

THE MUSKOGEE TOURISM AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 2 - DETAILED NOTES REGARDING THE FUNDS (CONTINUED)

Establishment of Operating Budget

At least 30 days prior to commencement of each subsequent operating year in respect of such year, Manager will prepare and submit to the Trust its proposed operating budget for such year. The annual operating budget will include Manager's good faith projection of revenues and operating expenses, presented on a monthly and annual basis, for the upcoming operating year subject to the review and approval of the Trust.

Manager shall use all reasonable efforts to manage and operate Roxy Theater in accordance with the operating budget, however Trust acknowledges that each operating budget are subject to and may be affected by changes in financial, economic and other conditions and circumstances beyond the Manager's control, and that Manager shall have no independent liability if the numbers within the operating budget are not achieved.

Financial Assistance from the City of Muskogee

During the fiscal year, the Authority earned revenues from the City of Muskogee for \$110,000. From the amount, \$15,000 went to the building fund, restricted for building maintenance, while \$60,000 represented the City's assistance for the Facility's operating expenses, and \$35,000 was a matching grant for operations. The Authority also received Hotel/Motel tax disbursements of \$520,500 from the City of Muskogee through the Muskogee Redevelopment Authority.

Contributions Received from Donors

The Authority received contributions of \$91,293 from donors during the fiscal year. Of these contributions, \$78,368 was received and utilized by Visit Muskogee, while \$12,925 was received and utilized by the Facility.

NOTE 3 - CAPITAL ASSETS

A summary of capital assets as of June 30, 2024, is as follows:

	Governmental Activities	Business-Type Activities	Total
Building facility	\$ -	\$ 1	\$ 1
Building improvements	8,571	7,284	15,855
Land	-	65,000	65,000
Real estate	-	156,649	156,649
Office equipment	4,800	9,642	14,442
Website	7,873	-	7,873
Furniture and fixtures	-	9,899	9,899
	<hr/>	<hr/>	<hr/>
Total	21,244	248,476	269,720
Less accumulated depreciation	(12,037)	(36,845)	(48,882)
	<hr/>	<hr/>	<hr/>
Capital, net	\$ 9,207	\$ 211,631	\$ 220,838

Depreciation expense for the year ended June 30, 2024, was \$13,634.

(Continued)

THE MUSKOGEE TOURISM AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Authority's financial instruments exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Authority maintains its cash balances at local banks. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at June 30, 2024. At times, the Authority's balances may exceed the insured limit. Management believes the credit risk related to these deposits is minimal. To date, the Authority has not experienced losses in any of these accounts.

As discussed in Note 2, the Authority received approximately 83% of its funding from the City of Muskogee under agreements to provide activities within the community of Muskogee, Oklahoma, which enhance, support and foster tourism. Significant reductions from the City could have adverse effect on the Authority's programs and operations.

NOTE 5 - CONTINGENCIES

During the course of business, the Authority may become involved in various legal proceedings. The Authority was involved in no legal proceedings at June 30, 2024. In the opinion of management, any liability from such proceedings would not have a material adverse effect on the financial statements.

OTHER REPORTS



**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 Muskogee Tourism Authority
Muskogee, 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 Muskogee Tourism Authority., which comprise the statement of net position as of June 30, 2024, and the related statements of revenue, expenses and changes in net position, and statement of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 27, 2024.

Report on Internal Control over Financial Reporting

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

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. 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 Muskogee Tourism 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 financial statements. 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MORSE & CO., PLLC

Tulsa, Oklahoma
November 27, 2024