

# INTERNAL AUDIT REPORT

CITY OF MANCHESTER

NEW HAMPSHIRE



*MCAM Cash*

Prepared by

City of Manchester, NH

Office of the Independent City Auditor

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CITY OF MANCHESTER, NEW HAMPSHIRE  
MCAM CASH**

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*November 19, 2010*

Committee on Accounts, Enrollment and Revenue Administration  
City of Manchester, New Hampshire  
Honorable Aldermen: Ouellette, Devries, O'Neil and Roy

Dear Honorable Committee Members:

On October 5, 2010 a meeting was called in order to discuss the status of funds owed to the City of Manchester by Manchester Community Access Media (MCAM) as part of the dissolution of MCAM as a city funded entity. The City combined MCAM and Manchester Community Television (MCTV) into a single entity as of June 30, 2010 and all assets and liabilities reverted back to the City as of that date. My office was asked to look at cash balances held by MCAM and determine if the amount reported to be owed the City was the actual amount owed.

### **Scope**

My review of the cash balance held by MCAM would encompass the time period from February of 2010 when MCAM received the final payment from the City until November 19, 2010.

### **Procedures**

The review procedures began with a review of the agreements between the City of Manchester and MCAM in order to determine the requirements for dissolving the partnership between the two entities. I then reviewed financial information for the past three years and compared activities between periods. The activity for the last year was reviewed to look for any unusual items. All reoccurring revenues and expenditures were accounted for and a search for unrecorded liabilities was conducted. I then reconciled the general ledger cash balances to the bank balances for the months of April 2010 through November of 2010 and looked for the reasonableness of outstanding items.

## Findings and Conclusion

For the period October 1, 2009 through November 9, 2010 the MCAM general ledger showed that the station collected Income of \$261,439 consisting of:

City Contributions	\$ 213,742
Earned Revenue	22,829
Fund Raising	18,757
Rental Income	5,844
Other Income	<u>267</u>
Total Income	\$ 261,439

During the same period the MCAM general ledger showed that they used its funding for:

Program Expenses	\$ 144,578
General and Administrative	43,186
Fundraising	28,005
Cost of Goods Sold	3,518
Other Expenses	<u>350</u>
Total Expenses	\$ 219,637

The result of this activity was a bank cash balance at June 30, 2010, when the City took over the activity of MCAM, of \$19,226. General Ledger cash showed a balance of \$20,099. Net of reconciling items general ledger cash showed an unexplained variance of \$1,702 more in the general ledger than the bank. This was the same variance that was shown as of April 1, 2010 and did not change through out the period of April through November 9, 2010. Since the end of the audit fieldwork period MCAM has researched the variance and has resolved all but \$28 of it.

Since June 30, 2010 MCAM used \$5,346 to pay expenses related to the wind down of MCAM and sent the City of Manchester a check for \$12,368. The remaining balance of \$1,612 represents the damage deposit plus interest held on the sub-lessee of a portion of MCAM's office space of \$1,232 plus \$380 remaining balance. As of the end of October the sub-lessee has vacated the building and is in dispute over owing October's rent.

It appears that with the exception of the held damage deposit MCAM has turned over all cash owed to the City of Manchester except for \$380 as of November 9, 2010. It appears that all expenditures from July 1, 2010 through November 9, 2010 were for legitimate expenditures of MCAM relating to prior expenses or expenses related to the winding up of MCAM's relationship with the City of Manchester. I see no indication that MCAM's expenditures during the last fiscal year were out of line with prior years expenditure and that with the exception of the October rent in dispute with the sub-lessee all recurring revenues owed has been collected and deposited to the proper bank

accounts. I saw no evidence that there were any known outstanding liabilities that have not been disclosed to the City of Manchester relating to MCAM. Since the end of field work two other bills attributable to the MCAM wind down were paid and total amount remaining that is owed the City is approximately \$80 which includes a \$60 outstanding check.

A draft of this report was sent to William Infantine, Chairman MCAM Board for his review and comment. I appreciate the courtesy and cooperation of Mr. Infantine and the staff of MCAM on this assignment who showed complete professionalism at all times during this review.

Respectfully Submitted,

Kevin Buckley, CPA  
Internal Audit Manager