

Idabel Public Golf Authority (A Public Trust)

Financial Statements

June 30, 2013 and 2012
(With Independent Auditors' Report Thereon)



IDABEL PUBLIC GOLF AUTHORITY (A PUBLIC TRUST)

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Idabel Public Golf Authority (A Public Trust)

Report on the Financial Statements

We have audited the accompanying statements of net position of the Idabel Public Golf Authority (A Public Trust) [the "Authority"] as of June 30, 2013 and 2012, and the related statements of changes in net position and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes 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.

Auditors' Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2013 and 2012, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matters

Dependence on Idabel Country Club

As discussed in Notes 3 and 6, the Authority is totally dependent upon its lease with the Idabel Country Club for its operations and to service its indebtedness. Such indebtedness totaled \$40,338 and \$92,790 as of June 30, 2013 and 2012, respectively.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2013 the Authority adopted new accounting guidance, Statement No. 63 of the Governmental Accounting Standards Board (GASB), *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

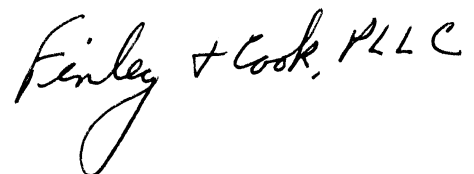
Other Matters

Absence of Required Supplementary Information

Management has not presented management's discussion and analysis that governmental accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2013, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.



Shawnee, Oklahoma
October 23, 2013

IDABEL PUBLIC GOLF AUTHORITY (A PUBLIC TRUST)**STATEMENTS OF NET POSITION**

<i>June 30,</i>	<i>2013</i>	<i>2012</i>
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,453	17,042
Capital assets:		
Land	800,000	800,000
Equipment and improvements, net of depreciation	235,809	280,102
Total capital assets	<u>1,035,809</u>	<u>1,080,102</u>
Total assets	<u>\$ 1,039,262</u>	<u>1,097,144</u>
Liabilities		
Current liabilities:		
Current maturities of long-term debt	\$ 40,338	52,336
Accrued interest	8	19
Total current liabilities	<u>40,346</u>	<u>52,355</u>
Long-term debt, less current maturities	<u>-</u>	<u>40,454</u>
Total liabilities	<u>40,346</u>	<u>92,809</u>
Net Position		
Net investment in capital assets	995,471	987,312
Unrestricted	3,445	17,023
Total net position	<u>998,916</u>	<u>1,004,335</u>
Total liabilities and net position	<u>\$ 1,039,262</u>	<u>1,097,144</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

IDABEL PUBLIC GOLF AUTHORITY (A PUBLIC TRUST)**STATEMENTS OF CHANGES IN NET POSITION**

<i>Years Ended June 30,</i>	<i>2013</i>	<i>2012</i>
Operating revenues:		
Lease revenues	\$ <u>40,300</u>	<u>59,900</u>
Operating expenses:		
Accounting and other expenses	1,100	1,100
Depreciation	<u>44,293</u>	<u>44,293</u>
Total operating expenses	<u>45,393</u>	<u>45,393</u>
Operating (loss) income	<u>(5,093)</u>	<u>14,507</u>
Non-operating revenues and (expenses):		
Interest income	11	28
Interest expense	<u>(337)</u>	<u>(605)</u>
Total non-operating expenses	<u>(326)</u>	<u>(577)</u>
(Decrease) increase in net position	(5,419)	13,930
Net position, beginning of year	<u>1,004,335</u>	<u>990,405</u>
Net position, end of year	<u>\$ 998,916</u>	<u>1,004,335</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

IDABEL PUBLIC GOLF AUTHORITY (A PUBLIC TRUST)**STATEMENTS OF CASH FLOWS****Increase (Decrease) in Cash and Cash Equivalents**

<i>Years Ended June 30,</i>	<i>2013</i>	<i>2012</i>
Cash flows from operating activities:		
Accounting and other expenses	\$ (1,100)	(1,100)
Lease payments received	<u>40,300</u>	<u>59,900</u>
Net cash provided by operating activities	<u>39,200</u>	<u>58,800</u>
Cash flows from capital and related financing activities:		
Principal payments on long-term debt	(52,452)	(52,184)
Interest expense	<u>(348)</u>	<u>(615)</u>
Net cash used in capital and related financing activities	<u>(52,800)</u>	<u>(52,799)</u>
Cash flows from non-capital financing activities	<u>-</u>	<u>-</u>
Cash flows from investing activities:		
Interest income	<u>11</u>	<u>28</u>
Net cash provided by investing activities	<u>11</u>	<u>28</u>
Net (decrease) increase in cash and cash equivalents	(13,589)	6,029
Cash and cash equivalents, beginning of year	<u>17,042</u>	<u>11,013</u>
Cash and cash equivalents, end of year	<u>\$ 3,453</u>	<u>17,042</u>
Reconciliation of operating (loss) income to net cash provided by operating activities:		
Operating (loss) income	\$ (5,093)	14,507
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation expense	<u>44,293</u>	<u>44,293</u>
Net cash provided by operating activities	<u>\$ 39,200</u>	<u>58,800</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

IDABEL PUBLIC GOLF AUTHORITY (A PUBLIC TRUST)

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

(1) NATURE OF ORGANIZATION

Organization and Purpose

The Idabel Public Golf Authority (A Public Trust) [the “Authority”] was created by a declaration of trust dated April 8, 1997. The Idabel Public Golf Authority is an Oklahoma Public Trust created under Title 60 of the Oklahoma Statutes. The City of Idabel, Oklahoma, is the beneficiary of the Authority. The purposes of the Authority, for and on behalf of the City of Idabel municipality, are summarized as follows:

- To promote, develop, own, construct, lease, and finance golfing facilities of any sort or description.
- To promote, finance, own, lease, and develop projects or facilities relating to the development of recreation of any sort.
- To promote, finance, own, lease, and develop educational facilities of any nature and any programs relating to education that would lessen the burden of government.
- To promote, finance, and develop any other projects or facilities which will provide public facilities and/or aid to the City of Idabel or any other level of government.
- To plan, establish, develop, construct, finance, enlarge, remodel, acquire, improve, make alterations to, extend, maintain, equip, operate, lease, furnish, and regulate any facilities related to any of the foregoing.
- To hold, maintain, and administer any leasehold rights in and to physical properties demised to the City of Idabel and to comply with the terms and conditions of any such lease.
- To perform, on the behalf of the City of Idabel, the functions and powers as authorized by industrial and economic development statutes.
- To provide funds for the cost of financing, refinancing, acquiring, constructing, purchasing, equipping, maintaining, leasing, repairing, improving, operating, and administering any or all aforesaid property, improvements, buildings, facilities, and all properties (real, personal, or mixed) needful for executing and fulfilling purposes of the Authority.
- To expend all funds coming into the hands of the Trustees of the Authority as revenue or otherwise for the payments of any indebtedness incurred by the Trustees for the purposes specified therein, and in payment of the aforesaid costs and expenses, and in payment of any other obligation properly chargeable against the Authority, and to distribute the residue and remainder of such funds to the City of Idabel.

See Independent Auditors’ Report.

IDABEL PUBLIC GOLF AUTHORITY (A PUBLIC TRUST)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies used by the Authority.

Basis of Accounting and Measurement Focus

The financial statements of the Authority are reported on an accrual basis of accounting and an economic resources measurement focus. Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case GASB prevails.

Reporting Entity

The financial statements include only the activities of the Authority and are not intended to present the activities of the City of Idabel, Oklahoma.

Statements of Cash Flows

Cash and cash equivalents include unrestricted amounts in demand deposit accounts. For purposes of the statements of cash flows, the Authority considers all highly liquid investments available for current use with an initial maturity of 3 months or less to be cash equivalents.

Advertising Costs

All costs associated with advertising are expensed as incurred.

Capital Assets

Capital assets are stated at cost, less accumulated depreciation. Costs of maintenance and repairs are charged to expense, while costs of significant renewals and betterments are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Golf course improvements	20 years
Irrigation distribution system	20 years
Buildings	40 years
Equipment	7 years

Donations and Contributions

Donations of capital assets are recorded as revenues at their estimated fair market value. Such donations are recorded as unrestricted support unless the donor has restricted the donated assets for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are recorded as restricted revenues.

See Independent Auditors' Report.

IDABEL PUBLIC GOLF AUTHORITY (A PUBLIC TRUST)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Taxes

The Authority is a governmental unit (an Oklahoma Public Trust) and as such is not subject to income taxes.

Estimates

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

Recent Accounting Pronouncements

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements* (GASB 62). The objective of GASB 62 is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedures.

The requirements in GASB 62 will improve financial reporting by contributing GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. GASB 62 is effective for financial statements for periods beginning after December 15, 2011. The Authority adopted GASB 62 effective July 1, 2012. There were no significant changes to the financial statements as a result of implementing GASB 62.

See Independent Auditors' Report.

IDABEL PUBLIC GOLF AUTHORITY (A PUBLIC TRUST)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements, Continued

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63). The objective of GASB 63 is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The pronouncement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011.

The Authority adopted GASB 63 effective July 1, 2012. The adoption of the statement required the Authority to adopt the term "net position" as required. In addition, as required by GASB 63, the Authority determined that as of June 30, 2013 and 2012, there were no items of deferred outflows of resources or deferred inflows of resources to be reported.

Date of Management's Review of Subsequent Events

The Authority has evaluated subsequent events through October 23, 2013, the date which the financial statements were available to be issued, and determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.

(3) LAND ACQUIRED FROM THE CITY OF IDABEL AND LEASED TO THE IDABEL COUNTRY CLUB

The City of Idabel, Oklahoma, deeded 160 acres of land to the Authority on May 13, 1997. The land was recorded by the Authority in 1997 at its fair value of \$800,000. A new golf course was constructed on part of the land. The construction of the golf course was completed by September 1998.

The Authority leased the golf course property to the Idabel Country Club on May 13, 1999. The lease term is 99 years. The monthly lease amount is equal to the Authority's payment requirements on all indebtedness incurred by the Authority for the benefit of the golf course. The amount paid during the current fiscal year was \$40,300. When the debt is paid off, the lease amount will be \$1.00 per year. Future minimum rental payments are estimated as follows:

<u>Year</u>	<u>Amount</u>
2014	<u>\$ 40,540</u>

See Independent Auditors' Report.

IDABEL PUBLIC GOLF AUTHORITY (A PUBLIC TRUST)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(3) LAND ACQUIRED FROM THE CITY OF IDABEL AND LEASED TO THE IDABEL COUNTRY CLUB, CONTINUED

The debt is estimated to be paid off in 2014. Total estimated payments are expected to be the approximate debt service requirements of the Authority.

(4) CAPITAL ASSETS

As of June 30, capital assets consisted of:

	<u>2013</u>	<u>2012</u>
Land	\$ 800,000	800,000
Improvements	669,960	669,960
Buildings	10,000	10,000
Irrigation distribution system	131,627	131,627
Pump station	55,945	55,945
Capitalized interest	23,335	23,335
Equipment	<u>50,144</u>	<u>50,144</u>
	1,741,011	1,741,011
Less accumulated depreciation	<u>(705,202)</u>	<u>(660,909)</u>
	<u>\$ 1,035,809</u>	<u>1,080,102</u>

The capital assets are pledged to secure notes payable.

(5) LONG-TERM DEBT

Long-term debt at June 30 consisted of the following:

	<u>2013</u>	<u>2012</u>
Note payable to Idabel National Bank, interest at Prime less 2.75%, adjusted annually on August 12 (0.50% at June 30, 2013). Under the current terms (rate and payments), the note will be repaid in 2014. The note is collateralized by capital assets.	\$ 40,338	92,790
Less current maturities	<u>(40,338)</u>	<u>(52,336)</u>
Long-term debt, less current maturities	<u>\$ -</u>	<u>40,454</u>

See Independent Auditors' Report.

IDABEL PUBLIC GOLF AUTHORITY (A PUBLIC TRUST)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(5) LONG-TERM DEBT, CONTINUED

Required principal payments on the note, using the 0.50% rate of interest in effect at June 30, 2013, are as follows:

2014 \$ 40,338

Changes in long-term debt for the years ended June 30 were as follows:

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 92,790	144,974
Principal payments	<u>(52,452)</u>	<u>(52,184)</u>
Balance, end of year	<u>\$ 40,338</u>	<u>92,790</u>

(6) RISK CONCENTRATIONS

Lease revenues are all from the Idabel Country Club. The lease revenues are used to pay indebtedness and operating expenses.

See Independent Auditors' Report.



**INDEPENDENT AUDITORS' 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
Idabel Public Golf Authority (A Public Trust)
Idabel, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States 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 Idabel Public Golf Authority (A Public Trust) [the "Authority"] as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 23, 2013. Our report contained an explanatory paragraph noting the Authority's dependence upon the Idabel Country Club for its continued operations and to service outstanding indebtedness of \$40,338 as of June 30, 2013, and an explanatory paragraph noting the adoption of Governmental Accounting Standards Board Statement No. 63. Our report also included an explanatory paragraph noting that the Authority did not present management's discussion and analysis as supplemental information.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose 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.

(Continued)

**INDEPENDENT AUDITORS' 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, CONTINUED**

Internal Control Over Financial Reporting, Continued

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

Handwritten signature in black ink that reads "Finley + Cook, PLLC". The signature is written in a cursive, flowing style.

Shawnee, Oklahoma
October 23, 2013