

# **Idabel Public Golf Authority (A Public Trust)**

## *Financial Statements*

June 30, 2014 and 2013  
(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, 2014 and 2013, 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 auditors consider 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, 2014 and 2013, 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. As of June 30, 2014, there was no remaining indebtedness and as of June 30, 2013, such indebtedness totaled \$40,338. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Absence of Required Supplementary Information*

Management has omitted management's discussion and analysis that 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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 22, 2014, 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.

*Finley + Cook, PLLC*

Shawnee, Oklahoma  
October 22, 2014

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

<i>June 30,</i>	<i>2014</i>	<i>2013</i>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 230	3,453
Capital assets:		
Land	800,000	800,000
Equipment and improvements, net of depreciation	191,516	235,809
Total capital assets	991,516	1,035,809
Total assets	\$ 991,746	1,039,262
<b>Liabilities</b>		
Current liabilities:		
Current maturities of long-term debt	\$ -	40,338
Accrued interest	-	8
Total current liabilities	-	40,346
Long-term debt, less current maturities	-	-
Total liabilities	-	40,346
<b>Net Position</b>		
Net investment in capital assets	991,516	995,471
Unrestricted	230	3,445
Total net position	991,746	998,916
Total liabilities and net position	\$ 991,746	1,039,262

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>2014</i>	<i>2013</i>
Operating revenues:		
Lease revenues	<u>\$ 38,300</u>	<u>40,300</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	<u>(7,093)</u>	<u>(5,093)</u>
Non-operating revenues (expenses):		
Interest income	2	11
Interest expense	<u>(79)</u>	<u>(337)</u>
Total non-operating expenses	<u>(77)</u>	<u>(326)</u>
Decrease in net position	(7,170)	(5,419)
Net position, beginning of year	<u>998,916</u>	<u>1,004,335</u>
Net position, end of year	<u>\$ 991,746</u>	<u>998,916</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>2014</i>	<i>2013</i>
<b>Cash flows from operating activities:</b>		
Accounting and other expenses	\$ (1,100)	(1,100)
Lease payments received	<u>38,300</u>	<u>40,300</u>
Net cash provided by operating activities	<u>37,200</u>	<u>39,200</u>
<b>Cash flows from capital and related financing activities:</b>		
Principal payments on long-term debt	(40,338)	(52,452)
Interest expense	<u>(87)</u>	<u>(348)</u>
Net cash used in capital and related financing activities	<u>(40,425)</u>	<u>(52,800)</u>
<b>Cash flows from non-capital financing activities</b>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities:</b>		
Interest income	<u>2</u>	<u>11</u>
Net cash provided by investing activities	<u>2</u>	<u>11</u>
<b>Net decrease in cash and cash equivalents</b>	(3,223)	(13,589)
Cash and cash equivalents, beginning of year	<u>3,453</u>	<u>17,042</u>
Cash and cash equivalents, end of year	<u>\$ 230</u>	<u>3,453</u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>		
Operating loss	\$ (7,093)	(5,093)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	<u>44,293</u>	<u>44,293</u>
Net cash provided by operating activities	<u>\$ 37,200</u>	<u>39,200</u>

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

# **IDABEL PUBLIC GOLF AUTHORITY (A PUBLIC TRUST)**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2014 and 2013**

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### **(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**

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**(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**

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**(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 March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). The objective of GASB 65 is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets or liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Authority adopted this statement effective July 1, 2013. The adoption had no significant impact on the Authority's financial statements. Presently, the Authority has no items of deferred outflows of resources or deferred inflows of resources to be reported.

In March 2012, GASB issued Statement No. 66, *Technical Corrections—2012—An Amendment of GASB Statements No. 10 and No. 62* (GASB 66). GASB 66 improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Authority adopted this statement effective July 1, 2013. The adoption had no significant impact on the financial statements of the Authority.

**Date of Management's Review of Subsequent Events**

The Authority has evaluated subsequent events through October 22, 2014, 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.

See Independent Auditors' Report.

**IDABEL PUBLIC GOLF AUTHORITY (A PUBLIC TRUST)**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(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 \$38,300. When the debt is paid off, the lease amount will be \$1.00 per year. The debt was paid off in March 2014.

**(4) CAPITAL ASSETS**

As of June 30, capital assets consisted of:

	<u>2014</u>	<u>2013</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	50,144	50,144
	<u>1,741,011</u>	<u>1,741,011</u>
Less accumulated depreciation	<u>(749,495)</u>	<u>(705,202)</u>
	<u>\$ 991,516</u>	<u>1,035,809</u>

The capital assets are pledged to secure notes payable.

See Independent Auditors' Report.

**IDABEL PUBLIC GOLF AUTHORITY (A PUBLIC TRUST)**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**(5) LONG-TERM DEBT**

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

	<u>2014</u>	<u>2013</u>
Note payable to Idabel National Bank, interest at Prime less 2.75%, adjusted annually on August 12 (0.50% at June 30, 2014). The note is collateralized by capital assets. The note was repaid in 2014.	\$ -	40,338
Less current maturities	<u>-</u>	<u>(40,338)</u>
Long-term debt, less current maturities	<u>\$ -</u>	<u>-</u>

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

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 40,338	92,790
Principal payments	<u>(40,338)</u>	<u>(52,452)</u>
Balance, end of year	<u>\$ -</u>	<u>40,338</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, 2014, 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 22, 2014. Our report contained an explanatory paragraph noting the Authority's dependence upon the Idabel Country Club for its continued operations. Our report also included an explanatory paragraph noting that the Authority did not present management's discussion and analysis as required 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.

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

Shawnee, Oklahoma  
October 22, 2014