

DP

FILED

SEP 27 2011

State Auditor & Inspector

Idabel Public Golf Authority (A Public Trust)

Financial Statements

June 30, 2011 and 2010

(With Independent Auditors' Report Thereon)





INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of net assets of the Idabel Public Golf Authority (A Public Trust) [the "Authority"] as of June 30, 2011 and 2010, and the related statements of changes in net assets and statements of 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 and 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 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 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 Authority as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

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 \$144,974 and \$196,896 as of June 30, 2011 and 2010, respectively.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2011, 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* and should be considered in assessing the results of our audit.

Management has omitted the 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.

Finley + Cook, PLLC

Shawnee, Oklahoma
September 9, 2011

IDABEL PUBLIC GOLF AUTHORITY (A PUBLIC TRUST)

STATEMENTS OF NET ASSETS

<i>June 30,</i>	<i>2011</i>	<i>2010</i>
Assets		
Current assets:		
Cash and cash equivalents	\$ 11,013	11,482
Capital assets:		
Land	800,000	800,000
Equipment and improvements, net	324,396	368,689
Total capital assets	1,124,396	1,168,689
Total assets	\$ 1,135,409	1,180,171
Liabilities		
Current liabilities:		
Current maturities of long-term debt	\$ 52,075	51,815
Accrued interest	30	41
Total current liabilities	52,105	51,856
Long-term debt, less current maturities	92,899	145,081
Total liabilities	145,004	196,937
Net Assets		
Investment in capital assets, net of related debt	979,422	971,793
Unrestricted	10,983	11,441
Total net assets	990,405	983,234
Total liabilities and net assets	\$ 1,135,409	1,180,171

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

IDABEL PUBLIC GOLF AUTHORITY (A PUBLIC TRUST)

STATEMENTS OF CHANGES IN NET ASSETS

<i>Years Ended June 30,</i>	<i>2011</i>	<i>2010</i>
Operating revenues:		
Lease revenues	\$ <u>65,122</u>	<u>59,800</u>
Operating expenses:		
Accounting and other expenses	1,090	1,000
Repairs	11,430	-
Depreciation	<u>44,293</u>	<u>46,330</u>
Total operating expenses	<u>56,813</u>	<u>47,330</u>
Operating income	<u>8,309</u>	<u>12,470</u>
Non-operating revenues and expenses:		
Interest income	32	23
Interest expense	<u>(1,170)</u>	<u>(1,645)</u>
Total non-operating expenses	<u>(1,138)</u>	<u>(1,622)</u>
Increase in net assets	7,171	10,848
Net assets, beginning of year	<u>983,234</u>	<u>972,386</u>
Net assets, end of year	<u>\$ 990,405</u>	<u>983,234</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>2011</i>	<i>2010</i>
Cash flows from operating activities:		
Accounting and other expenses	\$ (1,090)	(1,000)
Repairs	(11,430)	-
Lease payments received	65,122	59,800
Net cash provided by operating activities	<u>52,602</u>	<u>58,800</u>
Cash flows from capital and related financing activities:		
Principal payments on long-term debt	(51,922)	(50,967)
Proceeds from note payable	18,000	-
Principal payments on note payable	(18,000)	-
Interest expense	(1,181)	(1,833)
Net cash used in capital and related financing activities	<u>(53,103)</u>	<u>(52,800)</u>
Cash flows from non-capital financing activities	<u>-</u>	<u>-</u>
Cash flows from investing activities:		
Interest income	32	23
Net cash provided by investing activities	<u>32</u>	<u>23</u>
Net (decrease) increase in cash and cash equivalents	(469)	6,023
Cash and cash equivalents, beginning of year	<u>11,482</u>	<u>5,459</u>
Cash and cash equivalents, end of year	<u>\$ 11,013</u>	<u>11,482</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 8,309	12,470
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	44,293	46,330
Net cash provided by operating activities	<u>\$ 52,602</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, 2011 and 2010

(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, 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 deposits. 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 and improvements	20 years
Irrigation distribution system	20 years
Building	40 years
Equipment	7 years

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.

Date of Management's Review of Subsequent Events

The Authority has evaluated subsequent events through September 9, 2011, the date which the financial statements were available to be issued.

(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 \$65,122. When the debt is paid off, the lease amount will be \$1.00 per year. Future minimum rental payments are estimated at \$52,800 for each of the next 2 years and \$40,766 for the 3rd year, or a total of \$146,366:

<u>Year</u>	<u>Amount</u>
2012	\$ 52,800
2013	52,800
2014	40,766

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.

See Independent Auditors' Report.

IDABEL PUBLIC GOLF AUTHORITY (A PUBLIC TRUST)

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) CAPITAL ASSETS

As of June 30, capital assets consisted of:

	<u>2011</u>	<u>2010</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>(616,615)</u>	<u>(572,322)</u>
	<u>\$ 1,124,396</u>	<u>1,168,689</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>2011</u>	<u>2010</u>
Note payable to Idabel National Bank, interest at Prime less 2.75%, adjusted annually on August 12 (0.5% at June 30, 2011). Under the current terms (rate and payments), the note will be repaid in 2014. The note is collateralized by capital assets.	\$ 144,974	196,896
Less current maturities	<u>(52,075)</u>	<u>(51,815)</u>
Long-term debt, less current maturities	<u>\$ 92,899</u>	<u>145,081</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 0.5% rate of interest in effect at June 30, 2011, are as follows:

2012	\$	52,075
2013		52,335
2014		<u>40,564</u>
	\$	<u>144,974</u>

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

	<u>2011</u>	<u>2010</u>
Balance at beginning of year	\$ 196,896	247,863
Principal payments	<u>(51,922)</u>	<u>(50,967)</u>
Balance at end of year	<u>\$ 144,974</u>	<u>196,896</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.

**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 the financial statements of the Idabel Public Golf Authority (A Public Trust) [the "Authority"] as of and for the year ended June 30, 2011, and have issued our report thereon dated September 9, 2011. 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 \$144,974 as of June 30, 2011. Our report also included an explanatory paragraph noting that the Authority did not present Management's Discussion and Analysis as supplemental information. We conducted our audit 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.

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 opinions 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 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 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.

(Continued)

**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**

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 Board of Trustees of the Authority, management of the Authority, and the Oklahoma State Auditor and Inspector. This report is not intended to be and should not be used by anyone other than these specified parties.

Finley + Cook, PLLC

Shawnee, Oklahoma
September 9, 2011