

INDEPENDENT ACCOUNTANT'S REPORTS  
AS OF AND FOR THE  
FISCAL YEAR ENDED JUNE 30, 2015

TOWN OF INDIAHOMA, OKLAHOMA  
INDIAHOMA PUBLIC WORKS AUTHORITY  
INDIAHOMA COMMUNITY DEVELOPMENT CORP

**Lisa Brooks**  
*Certified Public Accountant*

Town of Indianhoma, Oklahoma  
Indianhoma Public Works Authority  
Indianhoma Community Development Corporation

June 30, 2015

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Form SA&I 2643 with Compilation Report

Lisa Brooks  
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Independent Accountant's Report on  
Applying Agreed-Upon Procedures

To the Specified Users of the Report:

Town Board, Town of Indiahoma  
Indiahoma, Oklahoma

Trustees of the Indiahoma Public Works Authority  
Indiahoma, Oklahoma

Oklahoma Office of State Auditor and Inspector  
Oklahoma City, Oklahoma

United States Department of Agriculture, Rural Development  
Hobart, Oklahoma

I have performed the procedures enumerated below which were agreed to by the specified users of this report, as identified above, and as defined within the applicable laws of the State of Oklahoma solely to assist the Town and Public Works authority in meeting its financial accountability requirements as prescribed by Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3 and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2015. Management of the Town of Indiahoma is responsible for the Town's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the additional requirements prescribed in Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Procedures and Findings**

As to the **Town of Indiahoma, Oklahoma**, as of and for the fiscal year ended June30, 2015:

1. **Procedures Performed:** From the Town's trial balances, I prepared a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

**Findings:** No instances noted.

2. **Procedures Performed:** From the Town's trial balances, I prepared a budget and actual financial schedule for the General Fund and any other significant funds (see accompanying Exhibit 2) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

**Findings:** No instances noted.

3. **Procedures Performed:** Agreed Town's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

**Findings:** No instances noted.

4. **Procedures Performed:** Compared Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

**Findings:** No instances noted.

5. **Procedures Performed:** Compared Town's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

**Findings:** No instances noted.

6. **Procedures Performed:** Compared the accounting for the Town's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

**Findings:** No instances noted.

7. **Procedures Performed:** Compared the Town's account balances in reserve accounts to contractually required balances and debt service requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

**Findings:** No instances noted.

As to the **Indiahoma Public Works Authority**, as of and for the fiscal year ended June30, 2015:

1. **Procedures Performed:** From the Authority's trial balances, I prepared a schedule of revenues, expenses and changes in fund balance for each fund (see accompanying Exhibit 3) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

**Findings:** No instances noted.

2. **Procedures Performed:** From the Authority's trial balances, I prepared USDA Form RD 442-3 (see accompanying Exhibit 4) and a schedule of cash in bank (see accompanying Exhibit 5) and compared the schedule results to the applicable trust reserve requirements to report any noted instance of noncompliance.

**Findings:** No instances noted.

3. **Procedures Performed:** Agreed Authority's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

**Findings:** No instances noted.

4. **Procedures Performed:** Compared Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

**Findings:** No instances noted.

5. **Procedures Performed:** Compared Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

**Findings:** No instances noted.

6. **Procedures Performed:** Compared the accounting for the Authority's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

**Findings:** No instances noted.

7. **Procedures Performed:** Compared the Authority's account balances in reserve accounts to contractually required balances and debt service requirements to report any noted instances of noncompliance.

**Findings:** No instances noted.

As to the **Indiahoma Community Development Corporation**, as of and for the fiscal year ended June30, 2015:

1. **Procedures Performed:** From the Corporation's trial balances, I prepared a schedule of revenues, expenses and changes in fund balance for each fund (see accompanying Exhibit 6).
2. **Procedures Performed:** From the Corporation's trial balances, I prepared USDA Form RD 442-3 (see accompanying Exhibit 7).
3. **Procedures Performed:** Agreed Corporation's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

**Findings:** No instances noted.

4. **Procedures Performed:** Compared Corporation's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

**Findings:** No instances noted.

5. **Procedures Performed:** Compared Corporation's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

**Findings:** No instances noted.

6. **Procedures Performed:** Compared the accounting for the Corporation's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

**Findings:** No instances noted.

7. **Procedures Performed:** Compared the Corporation's account balances in reserve accounts to contractually required balances and debt service requirements to report any noted instances of noncompliance.

**Findings:** The Corporation lacks sufficient reserves to meet contractual requirements and relies entirely upon the Indianhoma Public Works Authority for debt service.

As to **Grant Activities**, as of and for the fiscal year ended June30, 2015:

1. **Procedures Performed:** From the Town's trial balances and bank statements, I prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit 8) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreements.

**Findings:** No instances noted.

The accompanying Summary of Changes in Fund Balances-Modified Cash Basis for the Town of Indianhoma, Indianhoma Public Works Authority (a public trust), and Indianhoma Community Development Corporation as of and for the fiscal year ended June 30, 2015; Budgetary Comparison Schedule-Cash Basis for the General Fund and Other Significant Governmental Funds of the Town of Indianhoma as of and for the fiscal year ended June 30, 2015; Statement of Revenues, Expenses, and Changes in Fund Balance-Modified Cash Basis of Indianhoma Public Works Authority as of and for the fiscal year ended June 30, 2015; prescribed USDA Form RD 442-3-Modified Cash Basis for Indianhoma Public Works Authority as of June 30, 2015; Statement of Reserved Cash in Bank-Cash Basis for Indianhoma Public Works Authority as of June 30, 2015; Statement of Revenues, Expenses, and Changes in Fund Balance-Modified Cash Basis of Indianhoma Community Development Corporation as of and for June 30, 2015; prescribed USDA Form RD 442-3-Modified Cash Basis for Indianhoma Community Development Corporation as of June 30, 2015; and Schedule of Grant Activity-Cash Basis for Town of Indianhoma and public trusts as of and for the fiscal year ended June 30, 2015 are presented as prescribed by Oklahoma Statutes and USDA Rural Development requirements and were not audited or reviewed by me. Accordingly, I do not express an opinion or any other form of assurance on them.

I was not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.

*Lisa Brooks, CPA*

Lisa Brooks, CPA  
Granite, Oklahoma  
January 7, 2016

# LISA BROOKS

*Certified Public Account*

Management is responsible for the preparation and fair presentation of the accompanying selected financial statements which comprise a Summary of Changes in Fund Balances-Modified Cash Basis for the Town of Indianhoma, Indianhoma Public Works Authority (a public trust), and Indianhoma Community Development Corporation as of and for the fiscal year ended June 30, 2015; Budgetary Comparison Schedule-Cash Basis for the General Fund and Other Significant Governmental Funds of the Town of Indianhoma as of and for the fiscal year ended June 30, 2015; Statement of Revenues, Expenses, and Changes in Fund Balance-Modified Cash Basis of Indianhoma Public Works Authority as of and for the fiscal year ended June 30, 2015; prescribed USDA Form RD 442-3-Modified Cash Basis for Indianhoma Public Works Authority as of June 30, 2015; Statement of Reserved Cash in Bank-Cash Basis for Indianhoma Public Works Authority as of June 30, 2015; Statement of Revenues, Expenses, and Changes in Fund Balance-Modified Cash Basis of Indianhoma Community Development Corporation as of and for June 30, 2015; prescribed USDA Form RD 442-3-Modified Cash Basis for Indianhoma Community Development Corporation as of June 30, 2015; and Schedule of Grant Activity-Cash Basis for Town of Indianhoma and public trusts as of and for the fiscal year ended June 30, 2015 and for determining that the cash (including modified cash) basis of accounting is an acceptable financial reporting framework for the purposes these statements are to serve. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on the financial statements.

The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included, they might influence the users' conclusions about the entities' assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

*Lisa Brooks, CPA*

Lisa Brooks, CPA  
Granite, Oklahoma  
January 7, 2016

**Town of Indianhoma, Oklahoma  
 Indianhoma Public Works Authority  
 Indianhoma Community Development Corporation  
 Summary of Changes in Fund Balances  
 Modified Cash Basis  
 For the Fiscal Year Ended June 30, 2015**

Exhibit 1

	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balances</u>
<b>Town of Indianhoma:</b>				
General Fund	\$ 242,145.58	72,761.69	107,082.97	\$ 207,824.30
Street and Alley Fund	\$ 9,705.71	3,250.34	4,581.51	\$ 8,374.54
Capital Improvements Fund	\$ -			\$ -
<b>City Subtotal</b>	<u>\$ 251,851.29</u>	<u>\$ 76,012.03</u>	<u>\$ 111,664.48</u>	<u>\$ 216,198.84</u>
<b>Indianhoma Public Works Authority</b>	<u>\$ 161,641.98</u>	<u>175,266.96</u>	<u>207,289.12</u>	<u>\$ 129,619.82</u>
<b>Indianhoma Community Development Corporation</b>	<u>\$ 48,974.43</u>	<u>4,322.00</u>	<u>7,099.95</u>	<u>\$ 46,196.48</u>
<b>Overall Totals</b>	<u><u>\$ 462,467.70</u></u>	<u><u>\$ 255,600.99</u></u>	<u><u>\$ 326,053.55</u></u>	<u><u>\$ 392,015.14</u></u>

**Town of Indianoma, Oklahoma**  
**Budgetary Comparison Schedule**  
**General and Other Significant Governmental Funds**  
**Cash Basis**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Beginning Budgetary Fund Balance- <b>General Fund</b>	225,122.96	242,145.58	17,022.62
<b>Resources (Inflows)</b>			
Taxes:			
Sales Tax	25,327.73	25,369.40	41.67
Use Tax	5,576.19	7,863.01	2,286.82
Alcohol Tax	1,001.55	1,009.76	8.21
Cigarette Tax	279.05	315.18	36.13
Motor Vehicle Tax	0.00	0.00	0.00
Total Taxes	32,184.52	34,557.35	2,372.83
Other:			
Franchise Fees	1,996.07	4,528.65	2,532.58
Lot Rent	4,346.67	1,073.94	(3,272.73)
Other Income	1,402.65	31,740.65	30,338.00
Total Other	7,745.39	37,343.24	29,597.85
Investment Income	934.00	861.10	(72.90)
Total Current Year Receipts	40,863.91	72,761.69	31,897.78
<b>Amounts available for Appropriation</b>	265,986.87	314,907.27	48,920.40
<b>Charges to Appropriations (Outflows):</b>			
Personal Services	35,000.00	17,779.08	17,220.92
Maintenance & Operations	145,000.00	61,667.38	83,332.62
Capital Outlay	60,000.00	27,636.51	32,363.49
<b>Total Charges to Appropriations</b>	240,000.00	107,082.97	132,917.03
<b>Ending Budgetary Fund Balance-General Fund</b>		<b>207,824.30</b>	

**Town of Indianoma, Oklahoma**  
**Budgetary Comparison Schedule**  
**General and Other Significant Governmental Funds**  
**Cash Basis**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
 <b>Street and Alley Fund</b>			
Beginning Budgetary Fund Balance	8,336.28	9,705.71	1,369.43
<b>Resources (Inflows)</b>			
Gasoline Tax	600.00	650.10	50.10
Motor Vehicle Tax	2,600.00	2,573.52	(26.48)
Investment Income	5.00	26.72	21.72
Total Current Year Receipts	3,205.00	3,250.34	45.34
Transfers			0.00
<b>Amounts available for Appropriation</b>	11,541.28	12,956.05	1,414.77
 <b>Charges to Appropriations (Outflows):</b>			
Personal Services	5,000.00	2,343.80	(2,656.20)
Maintenance & Operations	2,000.00	2,237.71	237.71
Capital Outlay	3,000.00	0.00	(3,000.00)
Total Charges to Appropriations	10,000.00	4,581.51	(5,418.49)
 <b>Ending Budgetary Fund Balance</b>		<b>8,374.54</b>	
 <b>Capital Improvements Fund</b>			
Beginning Budgetary Fund Balance	0.00	0.00	0.00
<b>Resources (Inflows)</b>			
Investment Income	0.00	0.00	0.00
Total Current Year Receipts	0.00	0.00	0.00
Transfers OUT		0.00	0.00
<b>Amounts available for Appropriation</b>	0.00	0.00	0.00
 <b>Charges to Appropriations (Outflows):</b>			
Total Charges to Appropriations	0.00	0.00	0.00
 <b>Ending Budgetary Fund Balance</b>		<b>0.00</b>	

**Indiahoma Public Works Authority**  
**Statement of Revenues, Expenses, and Changes in Fund Balance**  
**Modified Cash Basis**  
**For the fiscal year ended June 30, 2015**

Exhibit 3

Operating Revenues:	
Water Revenue	68,984.33
Sewer Revenue	21,747.42
Sanitation Revenue	73,561.81
Late Fees	5,674.17
Miscellaneous Revenue	0.00
ICDC Rent	5,170.00
Total Operating Revenues	175,137.73
Operating Expenses:	
Water	48,880.45
Sewer	3,215.12
Sanitation	70,227.44
Personal Services	46,340.85
Maintenance and Operations	821.90
Interest	791.23
Depreciation	18,571.67
ICDC	13,724.46
Total Operating Expenses	202,573.12
Operating Income (Loss) from Operations	(27,435.39)
Non-Operating Revenues (Expenses):	
Interest Revenue	129.23
Income (Loss) before Transfers	(27,306.16)
Transfers Out	(4,716.00)
Net Income (Loss)	(32,022.16)
Fund Balance - Beginning of Year	161,641.98
Fund Balance - End of Year	129,619.82

Form RD 442-3  
(Rev 3-97)

Indianoma Public Work Authority

Modified Cash Basis

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>ASSETS</b>		
<u>CURRENT ASSETS</u>		
1. Cash on hand in Banks	45,311.04	50,687.00
2. Time deposits and short-term investments		
3. Accounts receivable		
4. Less: Allowance for doubtful accounts		
5. Inventories		
6. Prepayments		
7.		
8.		
9. Total Current Assets	<u>45,311.04</u>	<u>50,687.00</u>
<u>FIXED ASSETS</u>		
10. Land		
11. Buildings		
12. Furniture and equipment		
13.	638,393.01	638,393.01
14. Less: Accumulated depreciation	<u>(526,513.68)</u>	<u>(507,942.01)</u>
15. Net Total Fixed Assets	<u>111,879.33</u>	<u>130,451.00</u>
<u>OTHER ASSETS</u>		
16.		
17.		
18. Total Assets	<u><u>157,190.37</u></u>	<u><u>181,138.00</u></u>
<b>LIABILITIES AND EQUITIES</b>		
<u>CURRENT LIABILITIES</u>		
19. Accounts Payable		
20. Notes payable		
21. Current portion of USDA note	5,076.00	5,076.00
22. Customer deposits	15,779.53	15,078.96
23. Taxes payable		
24. Interest payable		
25.		
26.		
27. Total Current Liabilities	<u>20,855.53</u>	<u>20,154.96</u>
<u>LONG-TERM LIABILITIES</u>		
28. Notes payable USDA	8,406.35	12,691.12
29.		
30.		
31. Total Long-Term Liabilities	<u>8,406.35</u>	<u>12,691.12</u>
32. Total Liabilities	<u>29,261.88</u>	<u>32,846.08</u>
<u>EQUITY</u>		
33. Retained earnings	143,007.45	163,370.88
34. Memberships	<u>(15,078.96)</u>	<u>(15,078.96)</u>
35. Total Equity	<u>127,928.49</u>	<u>148,291.92</u>
36. Total Liabilities and Equity	<u><u>157,190.37</u></u>	<u><u>181,138.00</u></u>

**Indiahoma Public Works Authority  
Statement of Reserved Cash in Bank  
June 30, 2015**

Exhibit 5

Customer Meter Deposits	15,779.53
Rural Development	
PWA #92-02 (\$423 x 12 mo)	5,076.00
ICDC #97-01 (\$393 x 12 mo)	4,716.00
	<u>9,792.00</u>
<b>Total Cash Reserves Required</b>	<b>25,571.53</b>
Operating Checking	29,531.51
Deposit Checking	15,779.53
	<u>45,311.04</u>
Excess of cash on hand over reserves required	19,739.51

**Indiahoma Community Development Corporation**  
**Statement of Revenues, Expenses, and Changes in Fund Balance**  
**Modified Cash Basis**  
**For the fiscal year ended June 30, 2015**

Exhibit 6

Operating Revenues:	
Total Operating Revenues	0.00
Operating Expenses:	
Interest	1,524.95
Depreciation	5,575.00
Total Operating Expenses	<u>7,099.95</u>
Operating Income (Loss) from Operations	(7,099.95)
Non-Operating Revenues (Expenses):	
Interest Revenue	<u>0.17</u>
Income (Loss) before Transfers	(7,099.78)
Net Transfers In	4,321.83
Net Income (Loss)	(2,777.95)
Fund Balance - Beginning of Year	<u>48,974.43</u>
Fund Balance - End of Year	<u><u>\$46,196.48</u></u>

Form RD 442-3  
(Rev 3-97)

Indiahoma Community Development Corporation

Modified Cash Basis

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>ASSETS</b>		
<u>CURRENT ASSETS</u>		
1. Cash on hand in Banks	0.00	394.00
2. Time deposits and short-term investments		
3. Accounts receivable		
4. Less: Allowance for doubtful accounts		
5. Inventories		
6. Prepayments		
7.		
8.		
9. Total Current Assets	<u>0.00</u>	<u>394.00</u>
<u>FIXED ASSETS</u>		
10. Land	20,000.00	20,000.00
11. Buildings	222,993.00	222,993.00
12. Furniture and equipment		
13.		
14. Less: Accumulated depreciation	(175,357.00)	(169,782.00)
15. Net Total Fixed Assets	<u>67,636.00</u>	<u>73,211.00</u>
<u>OTHER ASSETS</u>		
16.		
17.		
18. Total Assets	<u><u>67,636.00</u></u>	<u><u>73,605.00</u></u>
<b>LIABILITIES AND EQUITIES</b>		
<u>CURRENT LIABILITIES</u>		
19. Accounts Payable		
20. Notes payable		
21. Current portion of USDA note	4,716.00	4,716.00
22. Customer deposits		
23. Taxes payable		
24. Interest payable		
25.		
26.		
27. Total Current Liabilities	<u>4,716.00</u>	<u>4,716.00</u>
<u>LONG-TERM LIABILITIES</u>		
28. Notes payable USDA	24,037.70	27,228.75
29.		
30.		
31. Total Long-Term Liabilities	<u>24,037.70</u>	<u>27,228.75</u>
32. Total Liabilities	<u>28,753.70</u>	<u>31,944.75</u>
<u>EQUITY</u>		
33. Retained earnings	38,882.30	41,660.25
34. Memberships		
35. Total Equity	<u>38,882.30</u>	<u>41,660.25</u>
36. Total Liabilities and Equity	<u><u>67,636.00</u></u>	<u><u>73,605.00</u></u>

**Town of Indianoma, Oklahoma**  
**Schedule of Grant Activity-Cash Basis**  
**For the Fiscal year Ended June 30, 2015**

Exhibit 8

	<u>Beginning Unexpended Grant Funds</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>Ending Unexpended Grant Funds</u>
REAP Indianoma 12-2261	\$23,545	\$0	\$23,545	\$0
REAP SSE Sewer Project	\$0	\$24,633	\$24,633	\$0
Water Resources Board	\$0	\$59,672	\$59,672	\$0
Total	<u>\$23,545</u>	<u>\$84,305</u>	<u>\$107,850</u>	<u>\$0</u>

### **Selected Additional Information**

On April 12, 1983, USDA Rural Development granted Loan #97-01 to Indianahoma Community Development Corporation (ICDC) to finance commercial rental real estate in the Town of Indianahoma, Oklahoma. This loan is guaranteed by Indianahoma Public Works Authority (a public trust). Subsequently, ICDC ceased to function as a viable entity and effectively defaulted on the loan. The Public Works Authority has met its obligation as guarantor, making scheduled payments in timely manner.

When ICDC ceased to operate, there was no legal dissolution of the corporation or transfer of title to the property. The loan requirement for an annual financial audit of ICDC cannot be met because there is no Board of Directors to engage an auditor, no financial statements to audit, or funds with which to pay for such audit.

Cash transactions resulting from the Public Works Authority's involvement with this loan and related property are reflected in the accompanying financial statements in a manner consistent with that utilized in prior years.