

CITY OF IDABEL, OKLAHOMA



ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

THE CITY OF IDABEL, OKLAHOMA

**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

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**Independent Auditors' Report
on Financial Statements**

Honorable Mayor and City Council
City of Idabel
Idabel, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Idabel, State of Oklahoma ("the City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of Idabel's management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from 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 auditors' 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 City of Idabel'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 City of Idabel's internal control. Accordingly, we express no such opinion.

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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 opinions.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position---modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Idabel, as of June 30, 2016, and the respective changes in financial position---modified cash basis, thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Emphasis of Matters

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 13 and budgetary comparison information be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2017 on our consideration of the City of Idabel'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 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 City of Idabel's internal control over financial reporting and compliance.

Hick & Company, PC

Tulsa, Oklahoma
March 10, 2017



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The management of the City of Idabel is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the fiscal year ended June 30, 2016. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City's total net position decreased by \$13,331 and the assets of the City exceed its liabilities at June 30, 2016, by \$6,953,828 (net position). Of this amount, \$4,627,395 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2016, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$2,363,163.
- At the end of fiscal year 2016, unassigned fund balance on a modified cash basis for the General Fund was \$835,728 or 17.9% of General Fund revenues.

ABOUT THE CITY

The City of Idabel is an incorporated municipality with a population of approximately 7,010 located in McCurtain County in southeastern Oklahoma. The City is an aldermanic form of government. Under this form of government, the City is governed by the Mayor and a four-member City Council and operates under state law and City ordinances through the three branches of democratic government:

- Legislative – the City Council is a four-member governing body elected by the citizens at large
- Executive – the City Mayor is the Chief Executive Officer and is elected by the people
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation, and through its Public Works Authority, certain utility services including water, wastewater, and sanitation.

The City's Financial Reporting Entity

This annual report includes all activities for which the City of Idabel City Council is financially accountable. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

The City's financial reporting entity includes the following separate legal entities.

- **The City of Idabel** – an incorporated City that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the City – *reported as part of the primary government*

- **The Idabel Public Works Authority (IPWA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, and sanitation services of the City, with the City Council members serving as the trustees – *considered part of the primary government presentation for reporting purposes as a blended component unit*
- **The McCurtain County Regional Airport Authority (MCRA)** – public trust created pursuant to 60 O.S. § 176 to provide airports, aerodromes, landing fields for aircraft and related services and facilities of the City, with the City Council members serving as the trustees – *considered part of the primary government presentation for reporting purposes as a blended component unit*
- **The Idabel Industrial Development Authority (IIDA)** – public trust created pursuant to 60 O.S. § 176 to attract and develop industries within the City – *reported as a discretely presented component unit*
- **The Idabel Public Golf Authority (IPGA)** – public trust created pursuant to 60 O.S. § 176 to promote and develop golfing facilities within the City – *excluded by management and not reported as a discretely presented component unit*. Separate financial statements may be obtained at the IPGA's office.

In addition, as required by state law, all debt obligations incurred by the trusts must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trust within the City's financial reporting entity. Except for the Idabel Public Golf Authority, the public trusts do not issue separate annual financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

Except for the exclusion of the Idabel Public Golf Authority, the financial statements presented herein include all of the activities of the City of Idabel (the "City"). Included in this report are government-wide statements for the governmental activities, business-type activities, and a discretely presented component unit.

The government-wide financial statements present the complete financial picture of the City from the modified cash basis of accounting. They present governmental activities and business-type activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. You will need to consider other non-financial factors, however, such as changes in the City's sales tax base, the condition of the City's roads, and quality of service to assess the overall health of the City. You will also need to keep in mind that these government-wide statements are prepared in accordance with the modified cash basis of accounting and include only those City assets and liabilities resulting from cash transactions with selected modifications.

In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

- *Governmental activities* - Most of the City's basic services are reported here, including the police, fire, administration, and streets. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- *Business-type activities* - Activities where the City charges a fee to customers to help cover all or most of the cost of certain services it provides are reported here. The City's water, sewer, and sanitation utilities are reported as business-type activities.
- *Discretely presented component unit* - The discretely presented component unit, the Idabel Industrial Development Authority, accounts for activities of the City's reporting entity that do not meet the criteria for blending, such as industrial development activities.

Reporting the City's Most Significant Funds - Fund Financial Statements

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant (major) funds -- not the City as a whole. Some funds are required to be established by State law and by debt covenants. However, the City Council may also establish certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds -- *governmental and proprietary* - use different accounting approaches.

Governmental funds - All of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds report their activities on a modified cash basis of accounting. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary funds - When the City, through the Public Works Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are also reported on the modified cash basis of accounting. The City's proprietary fund is the Idabel Public Works Authority that accounts for the operation of the water, sewer, and sanitation activities.

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 21-34 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents a Budgetary Comparison Schedule for the General Fund, combining and individual fund financial statements and schedules, and the Schedule of Federal Awards.

CITY OF IDABEL, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2016

THE CITY AS A WHOLE

For the year ended June 30, 2016, net position on a modified cash basis for the governmental and business-type activities decreased \$13,331.

Net Position (Modified Cash Basis)
June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Beginning net position	\$ 2,651,381	\$ 4,315,778	\$ 6,967,159
Change in net position	<u>(288,218)</u>	<u>274,887</u>	<u>(13,331)</u>
Ending net position	<u>\$ 2,363,163</u>	<u>\$ 4,590,665</u>	<u>\$ 6,953,828</u>

Following is a summary of net position reported on a modified cash basis for the City of Idabel.

	<u>Governmental Activities</u>		<u>% Inc. (Dec.)</u>	<u>Business-type Activities</u>		<u>% Inc. (Dec.)</u>	<u>Total Primary Government</u>		<u>% Inc. (Dec.)</u>
	<u>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>	
Assets	\$ 2,384,427	\$ 2,664,988	-11%	\$ 4,803,976	\$ 4,528,757	6%	\$ 7,188,403	\$ 7,193,745	0%
Total assets	<u>2,384,427</u>	<u>2,664,988</u>	-11%	<u>4,803,976</u>	<u>4,528,757</u>	6%	<u>7,188,403</u>	<u>7,193,745</u>	0%
Liabilities	21,264	13,607	56%	213,311	212,979	0%	234,575	226,586	4%
Total liabilities	<u>21,264</u>	<u>13,607</u>	56%	<u>213,311</u>	<u>212,979</u>	0%	<u>234,575</u>	<u>226,586</u>	4%
Net position:									
Restricted	704,953	1,040,546	-32%	1,621,480	1,832,526	-12%	2,326,433	2,873,072	-19%
Unrestricted	1,658,210	1,610,835	3%	2,969,185	2,483,252	20%	4,627,395	4,094,087	13%
Total net position	<u>\$ 2,363,163</u>	<u>\$ 2,651,381</u>	-11%	<u>\$4,590,665</u>	<u>\$4,315,778</u>	6%	<u>\$6,953,828</u>	<u>\$6,967,159</u>	0%

A portion of the City's net position, \$2,326,433, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing needs.

CITY OF IDABEL, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2016

Changes in Net Position (Modified Cash Basis)
Year Ended June 30, 2016

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2016	2015		2016	2015		2016	2015	
Revenues:									
Program revenues:									
Charges for services	\$ 400,212	\$ 429,328	-7%	\$ 2,684,412	\$ 2,451,930	9%	\$ 3,084,624	\$ 2,881,258	7%
Operating grants/contributions	189,843	174,369	9%	-	-	-	189,843	174,369	9%
Capital grants/contributions and debt proceeds	350,178	1,520,772	-77%	-	-	-	350,178	1,520,772	-77%
General revenues:									
Sales and use taxes	3,718,034	3,533,095	5%	-	-	-	3,718,034	3,533,095	5%
Other taxes	363,717	355,081	2%	-	-	-	363,717	355,081	2%
Other general revenue	247,023	530,569	-53%	37,377	79,725	-53%	284,400	610,294	-53%
Total revenues	5,269,007	6,543,214	-19%	2,721,789	2,531,655	8%	7,990,796	9,074,869	-12%
Program expenses:									
General government	441,899	446,214	-1%	-	-	-	441,899	446,214	-1%
Streets	711,642	723,461	-2%	-	-	-	711,642	723,461	-2%
Public safety	1,950,994	1,998,874	-2%	-	-	-	1,950,994	1,998,874	-2%
Cemetery	210,582	201,291	5%	-	-	-	210,582	201,291	5%
Legal and judicial	52,681	51,231	3%	-	-	-	52,681	51,231	3%
Culture and recreation	362,037	52,901	584%	-	-	-	362,037	52,901	584%
Community development	230,755	234,214	-1%	-	-	-	230,755	234,214	-1%
Airport	632,166	1,666,514	-62%	-	-	-	632,166	1,666,514	-62%
Maintenance	63,617	63,782	0%	-	-	-	63,617	63,782	0%
Industrial development	112,948	109,295	3%	-	-	-	112,948	109,295	3%
Principal Retirement	111,917	97,537	15%	-	-	-	111,917	97,537	15%
Interest and fiscal agent fees	103,988	104,997	-1%	-	-	-	103,988	104,997	-1%
Water operations	-	-	-	1,228,067	1,293,218	-5%	1,228,067	1,293,218	-5%
Sewer operations	-	-	-	796,524	1,127,583	-29%	796,524	1,127,583	-29%
Sanitation operations	-	-	-	680,004	864,567	-21%	680,004	864,567	-21%
Landfill operations	-	-	-	250,355	-	100%	250,355	-	100%
Governmental Principal Retirement	-	-	-	57,848	37,336	100%	57,848	37,336	100%
Governmental Interest Expense	-	-	-	6,103	6,075	0%	6,103	6,075	0%
Total expenses	4,985,226	5,750,311	-13%	3,018,901	3,328,779	-9%	8,004,127	9,079,090	-12%
Excess (deficiency) before transfers	283,781	792,903	-64%	(297,112)	(797,124)	-63%	(13,331)	(4,221)	216%
Special item-Loss on acquisition of landfill	-	-	-	-	(503,837)	100%	-	(503,837)	100%
Net transfers in (out)	(571,999)	(503,782)	-14%	571,999	503,782	14%	-	-	-
Increase (decrease) in net position	(\$ 288,218)	\$ 289,121	200%	\$ 274,887	\$ (797,179)	-134%	\$ (13,331)	(\$ 508,058)	-97%
Net position - beginning	\$ 2,651,381	\$ 2,362,260		\$ 4,315,778	\$ 5,112,957		6,967,159	\$ 7,475,217	-7%
Net position - ending	\$ 2,363,163	\$ 2,651,381		\$ 4,590,665	\$ 4,315,778		\$ 6,953,828	\$ 6,967,159	0%

Governmental Activities

The City's governmental activities' had a decrease in net position compared to the prior year decrease. This is due to a decrease in capital grants/contributions and debt proceeds, and an increase in culture and recreation expenses which was related to a swimming pool project.

CITY OF IDABEL, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2016

Net Revenue (Expense) of Governmental Activities

	Total Expense of Services		% Inc (Dec)	Net Revenue (Expense) of Services		% Inc (Dec)
	2016	2015		2016	2015	
General government	\$ 441,899	\$ 446,214	-1.0%	\$ (426,399)	\$ (409,752)	4.1%
Streets	711,642	723,461	-1.6%	(655,671)	(659,808)	-0.6%
Public safety	1,950,994	1,998,874	-2.4%	(1,763,972)	(1,822,229)	-3.2%
Cemetery	210,582	201,291	4.6%	(206,494)	(199,119)	3.7%
Legal and judicial	52,681	51,231	2.8%	(52,681)	(51,231)	2.8%
Culture and recreation	362,037	52,901	584.4%	(275,737)	3,499	-7980.5%
Community development	230,755	234,214	-1.5%	(161,706)	(157,420)	2.7%
Airport	632,166	1,666,514	-62.1%	(109,863)	45,829	-339.7%
Maintenance	63,617	63,782	-0.3%	(63,617)	(63,782)	-0.3%
Industrial development	112,948	109,295	3.3%	(112,948)	(109,295)	3.3%
Principal Retirement	111,917	97,537	14.7%	(111,917)	(97,537)	14.7%
Interest and fiscal agent fees	103,988	104,997	-1.0%	(103,988)	(104,997)	-1.0%
Total	\$4,985,226	\$5,750,311	-13.3%	\$ (4,044,993)	\$ (3,625,842)	11.6%

Business-type Activities

The business-type activities' had an increase in net position compared to the prior year increase. This is due in large part to the pay-off of some debt and the expenses in the prior year related the loss of \$503,837 from taking the landfill back over.

Net Revenue (Expense) of Business-Type Activities

	Total Expense of Services		% Inc (Dec)	Net Revenue (Expense) of Services		% Inc (Dec)
	2016	2015		2016	2015	
Water operations	\$ 1,228,067	\$ 1,293,218	-5.0%	\$ (124,425)	\$ (239,465)	-48.0%
Wastewater operations	796,524	1,127,583	-29.4%	(62,525)	(393,058)	-84.1%
Sanitation operations	680,004	864,567	-21.3%	(15,846)	(200,915)	-92.1%
Landfill operations	250,355	-	100.0%	(67,742)	-	-100.0%
Governmental Principal Retirement	57,848	37,336	100.0%	(57,848)	(37,336)	-100.0%
Governmental Interest Expense	6,103	6,075	0.5%	(6,103)	(6,075)	0.5%
Total	\$3,018,901	\$3,328,779	-9.3%	(\$334,489)	(\$876,849)	-61.9%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2016 fiscal year, the governmental funds reported a combined fund balance of \$2,363,163. For the year ended June 30, 2016, the General Fund's total fund balance increased by \$41,493.

Budgetary Highlights

Total revenues exceeded the amount budgeted by \$148,913, while total expenditures were less than the amount budgeted by \$332,262.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

One of the primary responsibilities of City management is to prepare and submit to the City Council an annual budget for the upcoming fiscal year that is balanced, meets the needs and expectations of the City, and is appropriate to the economic conditions of the City. This management is committed to the fiduciary responsibility that we have in managing public resources.

- The City's General Fund revenues and expenditures for the 2017 fiscal year are each budgeted to decrease approximately \$200,000.
- The IPWA revenues and expenses for the 2017 fiscal year are each budgeted to remain relatively unchanged.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Idabel City Clerk-Treasurer at City of Idabel, 201 E. Main, Idabel, Oklahoma 74745-4875 or phone at (580) 286-7608. The Idabel Industrial Development Authority can be contacted at 7 Southwest Texas, Idabel, Oklahoma 74745.

CITY OF IDABEL, OKLAHOMA

Statement of Net Position

(Modified Cash Basis)

June 30, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Component</u> <u>Units</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,935,301	\$ 2,250,521	\$ 4,185,822	\$ 1,205,918
Investments	451,852	2,547,479	2,999,331	-
Due from other governments	3,175	-	3,175	-
Other receivables	-	75	75	-
Internal Balances	(5,901)	5,901	-	-
Total Assets	<u>2,384,427</u>	<u>4,803,976</u>	<u>7,188,403</u>	<u>1,205,918</u>
LIABILITIES				
Due to other governments	647	-	647	-
Due to bondholders	20,617	-	20,617	-
Due to depositors	-	213,311	213,311	-
Total liabilities	<u>21,264</u>	<u>213,311</u>	<u>234,575</u>	<u>-</u>
NET POSITION				
Restricted for:				
Grant purposes	191,011	-	191,011	-
Cemetery	39,729	-	39,729	-
Library	391,643	-	391,643	-
E-911	82,112	-	82,112	-
Other purposes	458	1,200,000	1,200,458	-
Debt service	-	421,480	421,480	-
Unrestricted	1,658,210	2,969,185	4,627,395	1,205,918
Total net position	<u>\$ 2,363,163</u>	<u>\$ 4,590,665</u>	<u>\$ 6,953,828</u>	<u>\$ 1,205,918</u>

CITY OF IDABEL, OKLAHOMA
Statement of Activities
(Modified Cash Basis)
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Units
					Governmental Activities	Business-type Activities		
Primary government								
Governmental Activities								
General Government	\$ 441,899	\$ 15,500	\$ -	\$ -	\$ (426,399)	\$ -	\$ (426,399)	\$ -
Streets	711,642	-	55,971	-	(655,671)	-	(655,671)	-
Public Safety	1,950,994	122,199	64,823	-	(1,763,972)	-	(1,763,972)	-
Cemetery	210,582	4,088	-	-	(206,494)	-	(206,494)	-
Legal and judicial	52,681	-	-	-	(52,681)	-	(52,681)	-
Culture and Recreation	362,037	-	-	86,300	(275,737)	-	(275,737)	-
Community development	230,755	-	69,049	-	(161,706)	-	(161,706)	-
Airport	632,166	258,425	-	263,878	(109,863)	-	(109,863)	-
Maintenance	63,617	-	-	-	(63,617)	-	(63,617)	-
Industrial Development	112,948	-	-	-	(112,948)	-	(112,948)	-
Principal Retirement	111,917	-	-	-	(111,917)	-	(111,917)	-
Interest on Long-term debt	103,988	-	-	-	(103,988)	-	(103,988)	-
Total governmental activities	4,985,226	400,212	189,843	350,178	(4,044,993)	-	(4,044,993)	-
Business-type activities:								
Water	1,228,067	1,103,642	-	-	-	(124,425)	(124,425)	-
Wastewater	796,524	733,999	-	-	-	(62,525)	(62,525)	-
Sanitation	680,004	664,158	-	-	-	(15,846)	(15,846)	-
Landfill	250,355	182,613	-	-	-	(67,742)	(67,742)	-
Governmental Principal Retirement	57,848	-	-	-	-	(57,848)	(57,848)	-
Governmental Interest Expense	6,103	-	-	-	-	(6,103)	(6,103)	-
Total business-type activities	3,018,901	2,684,412	-	-	-	(334,489)	(334,489)	-
Total primary government	8,004,127	3,084,624	189,843	350,178	(4,044,993)	(334,489)	(4,379,482)	
Component Units								
Industrial Development Authority	53,079	14,580	-	-				(38,499)
Total Component Units	53,079	14,580	-	-				
General revenues:								
Taxes:								
Sales and use taxes					\$ 3,718,034	\$ -	\$ 3,718,034	\$ 112,948
Occupation taxes					34,413	-	34,413	-
Hotel/motel taxes					121,137	-	121,137	-
Franchise taxes and public service taxes					208,167	-	208,167	-
Intergovernmental revenue not restricted to specific programs					172,004	-	172,004	-
Unrestricted investment earnings					7,935	37,377	45,312	2,254
Miscellaneous					67,084	-	67,084	13,482
Transfers					(571,999)	571,999	-	-
Total general revenues and transfers					3,756,775	609,376	4,366,151	128,684
Change in net position					(288,218)	274,887	(13,331)	90,185
Net position - beginning					2,651,381	4,315,778	6,967,159	1,115,733
Net position - ending					\$ 2,363,163	\$ 4,590,665	\$ 6,953,828	\$ 1,205,918

CITY OF IDABEL, OKLAHOMA
Governmental Funds Balance Sheet
 (Modified Cash Basis)
 June 30, 2016

	General Fund	Library	Special Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,287,739	\$ 372,428	\$ 191,011	\$ 84,123	\$ 1,935,301
Investments	451,852	-	-	-	451,852
Due from other governments	3,175	-	-	-	3,175
Due from other funds	5,243	25,543	-	-	30,786
Total assets	<u>1,748,009</u>	<u>397,971</u>	<u>191,011</u>	<u>84,123</u>	<u>2,421,114</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other governments	647	-	-	-	647
Due to other funds	31,699	-	-	4,988	36,687
Due to bondholders	20,617	-	-	-	20,617
Total liabilities	<u>52,963</u>	<u>-</u>	<u>-</u>	<u>4,988</u>	<u>57,951</u>
Fund balances:					
Restricted for:					
Grant purposes	-	-	191,011	-	191,011
Cemetery capital improvements	39,729	-	-	-	39,729
Library	-	391,643	-	-	391,643
E-911	-	-	-	82,112	82,112
Emergency food & shelter program	-	-	-	458	458
Assigned to:					
Next year's budget	400,000	-	-	-	400,000
Cemetery	241,288	-	-	-	241,288
Airport	162,584	-	-	-	162,584
Police	15,717	-	-	-	15,717
E-911	-	-	-	1,553	1,553
Library	-	6,328	-	-	6,328
Unassigned (deficit)	835,728	-	-	(4,988)	830,740
Total fund balances	<u>1,695,046</u>	<u>397,971</u>	<u>191,011</u>	<u>79,135</u>	<u>2,363,163</u>
Total liabilities and fund balances	<u>\$ 1,748,009</u>	<u>\$ 397,971</u>	<u>\$ 191,011</u>	<u>\$ 84,123</u>	<u>\$ 2,421,114</u>

CITY OF IDABEL, OKLAHOMA
Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances (Modified Cash Basis)
For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>Library</u>	<u>Special Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 3,960,614	\$ 121,137	\$ -	\$ 69,049	\$ 4,150,800
Intergovernmental	235,284	-	314,948	-	550,232
Charges for services	272,988	-	-	-	272,988
Fees and fines	120,368	-	-	-	120,368
Licenses and permits	15,570	-	-	-	15,570
Investment earnings	5,338	376	-	101	5,815
Miscellaneous:					
Donations	-	45,000	43,700	10	88,710
Other	64,524	-	-	-	64,524
Total revenues	<u>4,674,686</u>	<u>166,513</u>	<u>358,648</u>	<u>69,160</u>	<u>5,269,007</u>
EXPENDITURES					
Current:					
General government	441,599	-	-	-	441,599
Streets and highways	700,642	-	-	-	700,642
Public Safety	1,929,332	-	14,029	4,113	1,947,474
Cemetery	210,279	-	-	-	210,279
Legal and judicial	52,681	-	-	-	52,681
Culture and recreation	48,501	7,053	223	-	55,777
Community support	147,787	-	-	75,483	223,270
Airport	232,428	-	-	-	232,428
Maintenance	63,617	-	-	-	63,617
Industrial development	112,948	-	-	-	112,948
Capital Outlay	97,111	-	631,495	-	728,606
Debt Service:					
Principal	57,226	54,691	-	-	111,917
Interest and other charges	3,679	100,309	-	-	103,988
Total Expenditures	<u>4,097,830</u>	<u>162,053</u>	<u>645,747</u>	<u>79,596</u>	<u>4,985,226</u>
Excess (deficiency) of revenues over expenditures	<u>576,856</u>	<u>4,460</u>	<u>(287,099)</u>	<u>(10,436)</u>	<u>283,781</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	730,811	-	33,071	5,600	769,482
Transfers out	(1,266,174)	-	-	(75,307)	(1,341,481)
Total other financing sources and uses	<u>(535,363)</u>	<u>-</u>	<u>33,071</u>	<u>(69,707)</u>	<u>(571,999)</u>
Net change in fund balances	<u>41,493</u>	<u>4,460</u>	<u>(254,028)</u>	<u>(80,143)</u>	<u>(288,218)</u>
Fund balances - beginning	<u>1,653,553</u>	<u>393,511</u>	<u>445,039</u>	<u>159,278</u>	<u>2,651,381</u>
Fund balances - ending	<u>\$ 1,695,046</u>	<u>\$ 397,971</u>	<u>\$ 191,011</u>	<u>\$ 79,135</u>	<u>\$ 2,363,163</u>

CITY OF IDABEL, OKLAHOMA
Proprietary Fund Statement of Net Position
(Modified Cash Basis)
June 30, 2016

	<u>Idabel Public Works Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,834,555
Investments	1,197,479
Restricted:	
Cash and cash equivalents	186,138
Due from other funds	5,901
Other receivables	<u>75</u>
Total current assets	<u>3,224,148</u>
Non-current assets:	
Restricted:	
Cash and cash equivalents	229,828
Investments	<u>1,350,000</u>
Total non-current assets	<u>1,579,828</u>
Total assets	<u><u>4,803,976</u></u>
LIABILITIES	
Non-current liabilities:	
Due to depositors	<u>213,311</u>
Total non-current liabilities	<u>213,311</u>
Total liabilities	<u>213,311</u>
NET POSITION	
Restricted for debt service	421,480
Restricted for other purposes	1,200,000
Unrestricted	<u>2,969,185</u>
Total net position	<u><u>\$ 4,590,665</u></u>

CITY OF IDABEL, OKLAHOMA
Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position
(Modified Cash Basis)
For the Year Ended June 30, 2016

	<u>Idabel Public Works Authority</u>
REVENUES	
Water	\$ 1,057,715
Sewer	709,588
Sanitation	644,343
Landfill	175,556
Water taps	10,175
Sewer taps	1,150
Penalties	47,488
Reconnect fees	29,830
Transfer fees	2,475
Rent income	2,200
Insufficient check charges	800
Miscellaneous	3,092
Total operating revenues	<u>2,684,412</u>
OPERATING EXPENSES	
Managerial	71,065
Water	640,072
Sanitation	613,638
Landfill	187,839
Lift station	105,876
Filter plant	393,617
Sewer plant	258,795
Sewer-other	227,966
Total Operating Expenses	<u>2,498,868</u>
Operating income	<u>185,544</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	37,377
Capital outlay	(164,395)
Debt service:	
Principal retirement	(336,480)
Interest expense	(19,001)
Miscellaneous expenses	(157)
Total non-operating revenue (expenses)	<u>(482,656)</u>
Income (loss) before transfers	(297,112)
Transfers in	1,417,627
Transfers out	(845,628)
Change in net position	274,887
Total net position - beginning	4,315,778
Total net position - ending	<u>\$ 4,590,665</u>

CITY OF IDABEL, OKLAHOMA
Proprietary Fund Statement of Cash Flows
(Modified Cash Basis)
For the Year Ended June 30, 2016

	<u>Idabel Public</u> <u>Works Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,684,412
Payments to suppliers	(322,664)
Payments to employees	(2,181,349)
Receipts of customer meter deposits	34,763
Refunds of customer meter deposits	(34,431)
Net cash provided by operating activities	<u>180,731</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	1,417,627
Transfers to other funds	(845,628)
Net cash provided by noncapital financing activities	<u>571,999</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(164,395)
Principal paid on debt	(336,480)
Interest and fiscal agent fees paid on debt	(19,001)
Net cash provided by (used in) capital and related financing activities	<u>(519,876)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(340,011)
Interest and dividends	37,377
Net cash provided by (used in) investing activities	<u>(302,634)</u>
Net increase (decrease) in cash and cash equivalents	(69,780)
Balances - beginning of year	<u>2,320,301</u>
Balances - end of year	<u>\$ 2,250,521</u>
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	1,834,555
Restricted cash and cash equivalents - current	186,138
Restricted cash and cash equivalents - noncurrent	229,828
Total cash and cash equivalents, end of year	<u>2,250,521</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 185,544
Adjustments to reconcile operating income to net cash provided by operating activities:	
Miscellaneous expense	(157)
Change in assets and liabilities:	
Due from other funds	(4,988)
Deposits subject to refund	332
Net cash provided by operating activities	<u>\$ 180,731</u>

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City's financial reporting entity, as reported, includes the primary government (the City of Idabel), two blended component units, and a discretely presented component unit as noted below.

Except as noted below, in determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, and includes all component units for which the City is financially accountable except for the Idabel Public Golf Authority.

The City of Idabel, Oklahoma (the City)

The City of Idabel, Oklahoma (the City), is an aldermanic form of city government under Title 11, Article 9 of the Oklahoma Constitution. The City operates and provides the following services directly or through its component units: Public Safety - Police and Fire; Highways and Streets; Water, Sewer and Sanitation Services; Cultural and Recreational; Public Improvements; Planning and Zoning; and General Administrative Services.

The component units that are blended into the City's primary government presentation are as follows:

The Idabel Public Works Authority (Authority)

The Authority is a beneficial public trust created under authority of and pursuant to the provisions of Title 60, Oklahoma Statutes 1971, Sections 176 to 180.3 of the Oklahoma Trust Act. The Trust has as its purpose to develop, construct, plan, establish, install, enlarge, improve, maintain, equip, operate, control and regulate utility facilities whether water, sewage, gas, electric, or other forms or types of public and municipal services within or without the corporate boundaries of the City of Idabel, Oklahoma. The Authority is empowered to lease, acquire or construct the properties necessary to provide and maintain these services. It is also empowered to obtain funds for these purposes and in so doing, to incur indebtedness whether unsecured or secured by all or any part of the Trust Estate and its revenues. The Authority is also permitted to transfer monies to the City of Idabel for the use of the City. The City of Idabel is the beneficiary of the Trust, and the City Council members are the trustees of the Authority.

In order to fulfill these functions, the Authority has leased from the City of Idabel its water and sewer systems, its rights to all improvements thereto, its rights to any and all municipal services and utilities systems of the City and its rights to operations and revenues there from. Bonds have also been issued for the purpose of obtaining funds for the construction of additional facilities.

The McCurtain County Regional Airport Authority

The McCurtain County Regional Airport Authority is a public trust created under the authority of and pursuant to the provisions of Title 60, Oklahoma Statutes 1971 and the Oklahoma Trust Act, Sections 176 to 180. The trust has as its purpose to provide airports, aerodromes, landing fields for aircraft and related services and facilities. Also, other purposes of the trust are to promote the development of industry and culture and industrial, manufacturing, cultural and educational activities by providing additional employment and activities; to provide and/or aid in providing facilities and/or services of all kinds necessary to functioning; and to hold, maintain, and administer any leasehold rights. The Trust is empowered to acquire by lease, purchase or otherwise and hold, construct, install, equip, repair, enlarge, furnish, maintain and operate or otherwise deal with any and all physical properties and facilities and to provide funds for said activities. It is also empowered to expend all funds coming into the hands of the trust as revenue and otherwise in payment of aforementioned costs and expenses.

Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts have no taxing power. The Trusts are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the city Council to delegate certain functions to the governing body (Trustees) of those Trusts. In accordance with state law, all debt obligations incurred by public trusts require 2/3 approval by the City Council.

The component unit that is discretely presented in the City's report in a separate column is presented below:

The Idabel Industrial Development Authority

The Idabel Industrial Development Authority (IIDA) meets the criteria for a component unit as approval is required of the City Council for any issuance of debt. The financial data of the Authority as of and for the year ended June 30, 2016 is included in these financial statements.

The Authority is a public trust created under Section 176, Title 60 of the Oklahoma Statutes and the Oklahoma Trust Act. The primary purpose of the Authority is to attract and develop industries in Idabel, Oklahoma.

The component unit that management has excluded as a discretely presented component unit is described below:

The Idabel Public Golf Authority

The Idabel Public Golf Authority (IPGA) meets the criteria for a component unit as approval is required of the City Council for any issuance of debt. Management of the City has chosen to exclude the financial data of the Authority as of and for the year ended June 30, 2016, from these financial statements. Separate financial statements may be obtained at the IPGA's office.

The Authority is a public trust created April 8, 1997 under Section 176, Title 60 of the Oklahoma Statutes and the Oklahoma Trust Act. The primary purpose of the Authority is to promote and develop golfing facilities in Idabel, Oklahoma.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statement of net position and activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles. These modifications include adjustments for the following balances arising from cash transactions:

- cash-based interfund receivables and payables
- investments
- other cash-based receivables/payables such as notes receivable
- utility deposit liabilities

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Program revenues within the statement of activities are derived directly from each activity or from parties outside the City's taxpayers. The City has the following program revenues in each activity:

- General Government—licenses and permits
- Public Safety—fines and forfeitures, operating and capital grants and contributions.
- Streets and Highways—commercial vehicle and gasoline excise tax shared by the State, operating and capital grants and contributions.
- Culture and Recreation—capital grants and contributions.
- Cemetery—cemetery revenues.
- Airport—fuel sales, hangar rentals and capital grants and contributions
- Sanitation—sanitation charges
- Community development—operating grants and contributions

Business-type activities are also reported on a modified cash basis.

Governmental Funds:

The City's governmental funds are comprised of the following:

Major Funds:

- General Fund—accounts for general operations of the City, including public safety, parks, public facilities, airport, sanitation, and street maintenance. This fund also includes the LETN, MCRA Fuel Farm, and Cemetery Maintenance Accounts.
- Idabel Library Fund—a special revenue fund that accounts for revenues associated with improvements of the Idabel Library.
- Special Grant Project Fund—accounts for miscellaneous grants.

Non-Major Funds (reported as Other Governmental Funds):

Special Revenue Funds:

- Federal Nutrition Fund—accounts for annual Kiamichi Area Nutrition Program grants
- Emergency Shelter Grant Fund—accounts for grants received from the Emergency Shelter Program
- E-911 Fund—accounts for collections for the operation of 911 services.

Capital Project Fund:

- Transportation Enhancement Fund—accounts for funds associated for a City streetscape project

The governmental funds are reported on a modified cash basis of accounting. Only current financial assets and liabilities resulting from cash transactions are generally included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

Proprietary Funds:

The City's proprietary fund is comprised of the following:

- Idabel Public Works Authority (IPWA) – accounts for the operation of the water, wastewater, and sanitation activities.

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

All of the above noted funds are legally required to adopt annual budgets or appropriations. The public trust (or Authority) is not required to adopt legal annual appropriations. While each trust develops an annual budget, it is for financial management purposes and does not constitute legal appropriations.

C. Cash, Cash Equivalents and Investments

Cash and cash equivalents includes all demand and savings accounts, certificates of deposit, and any short-term investments with an original maturity of three months or less, and open-end government mutual funds. Investments consist of long-term certificates of deposits and are reported at cost.

D. Capital Assets and Depreciation

Due to the use of the modified cash basis of accounting, capital assets and related depreciation are not reported in the financial statements.

E. Long-Term Debt

Due to the use of the modified cash basis of accounting, long-term debt obligations are not reported in the financial statements. However, the amount of long-term debt issued and outstanding at the end of the fiscal year is reported as a commitment in Note 10.

F. Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid compensatory time that would be due employees upon termination is reported as a commitment in Note 10.

G. Equity Classifications

Government-Wide Statements:

Equity is classified as net position and displayed in two components:

- Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position* - All other net position that does not meet the definition of "restricted."

It is the City's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. The classifications are defined as:

- a. Nonspendable – includes amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance.
- d. Assigned – includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City's policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Proprietary fund equity is classified the same as in the government-wide statements.

H. Internal and Interfund Balances and Transfers

The City's policy is to eliminate interfund transfers and balances in the statement of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances then offset in the total column in the government-wide statements. Internal transfers and balances between funds are not eliminated in the fund financial statements.

2. Deposits and Investments

For the year ended June 30, 2016, the City recognized \$67,084 of investment income. Due to the minimal rates of return on allowable investments in the current environment, most of the City's deposits are in demand and short-term time deposits.

Primary Government

At June 30, 2016, the primary government held the following deposits and investments:

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2016

<u>Type</u>	<u>Carrying Value</u>	<u>Credit Rating</u>	<u>Maturity Date</u>	<u>Market Value</u>
<i>Deposits:</i>				
Demand deposits	\$ 4,185,822	N/A	N/A	N/A
Time deposits	<u>2,999,331</u>	N/A	Due within one year	N/A
Total Deposits	<u><u>\$ 7,185,153</u></u>			

Reconciliation to Statement of Net Position:

Cash and cash equivalents	\$ 4,185,822
Investments	<u>2,999,331</u>
	<u><u>\$ 7,185,153</u></u>

Custodial Credit Risk -- Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The City is governed by the State Public Deposit Act which requires that the City obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government, and if held by a counterparty or a counterparty's trust, department or agent, but not in the government's name.

As of June 30, 2016, the City was not exposed to custodial credit risk.

Investment Credit Risk —The City has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investments in: 1) full faith and credit, direct obligations of the U.S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; 2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; 3) negotiable certificates of deposits, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; 4) county, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district; and government money market funds regulated by the SEC. Title 60 public trusts are not limited by the same investment limitations of their municipal beneficiary. These investment limitations do not apply to the City's public trusts.

Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of year-end. Unless there is information to the contrary, obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Interest Rate Risk — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no formal policy limiting Investment Interest Rate Risk. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments.

As noted in the schedule of deposits and investments above, at June 30, 2016, the City held no such investments.

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2016

Concentration of Investment Credit Risk — Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investment issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City has no formal investment policy which addresses concentration of investment credit risk.

As of June 30, 2016, the City had no concentration of credit risk as defined above.

Restricted Cash and Investments — The amounts reported as restricted assets on the statement of net position are comprised of amounts restricted for utility deposits (refunded upon termination of service or applied to final bill) and debt service held by the Public Works Authority. The restricted assets as of June 30, 2016 are as follows:

<u>Type of Restricted Assets</u>	<u>Current</u>	<u>Noncurrent</u>	
	<u>Cash and cash equivalents</u>	<u>Cash and cash equivalents</u>	<u>Investments</u>
Utility Deposits	\$ -	\$ 63,311	\$ 150,000
RUD Reserve Account	-	166,517	-
Landfill Reserve	-	-	1,200,000
2006 Trustee Accounts:			
Sinking Fund	186,138	-	-
Total	<u>\$ 186,138</u>	<u>\$ 229,828</u>	<u>\$ 1,350,000</u>

Component Unit—Idabel Industrial Development Authority (IIDA)

At June 30, 2016, the balance for the IIDA was \$1,205,918 which is above the FDIC insured limit. The IIDA has secured pledges to cover the uninsured balance. The IIDA has no formal policies designed to address custodial credit risk.

The IIDA had no investments as of June 30, 2016, and was thus not exposed to interest rate risk, credit risk, custodial credit risk, or concentration of credit risk inherent to investment portfolios.

3. Sales Tax Revenue

Sales tax revenue represents a 3 cent tax on each dollar of taxable sales, and is received and recorded in the General Fund. In 2006, the City Council adopted a resolution whereby the proceeds of the sales tax were to be appropriated (transferred) to the trustees of the Idabel Public Works Authority, as needed, for use in operating and maintaining the facilities and paying the debt secured by such facilities. During the year ending June 30, 2016, one-third (one cent) of the total sales tax was appropriated (transferred) to the Idabel Public Works Authority. The remaining two-thirds (two cents) of the sales tax remained in the General Fund.

4. Property Tax Levy

The City presently levies no property tax. In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City.

5. Customer Deposits

Refundable customer deposits reported as a liability within the Statement of Net Position are comprised of utility customer deposits payable. The amount reported at June 30, 2016, was \$213,311.

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2016

6. Notes Receivable

Component Unit

The Idabel Industrial Development Authority had two notes outstanding as of June 30, 2016. These notes are summarized as follows:

Oklahoma Wood Fibers, Inc.

On June 23, 1998 the Authority made a loan for \$100,000 to Oklahoma Wood Fibers, Inc. and is payable over 120 months at 8% interest in monthly installments of \$1,250, including interest. Payments on this note have been irregular—consequently, the Authority has provided a valuation allowance on the statement of net position for the entire balance of the note receivable related to Oklahoma Wood Fibers, Inc. and no portion of this loan is considered as being a current asset.

Wood Lumber Company Specialties, Inc.

Loan 1—The Authority made a loan to Wood Lumber Company Specialties, Inc. on October 17, 1998 for \$100,000 and is payable over 144 months at 2.5% interest. Monthly payments are scheduled at \$805.

Note activity occurring during the year on notes held by the Idabel Industrial Development Authority is summarized as follows:

	Balance 6/30/2015	Additions	Deductions	Balance 6/30/2016	Due Within One Year
Oklahoma Wood Fibers, Inc.	\$ 84,707	\$ -	\$ -	\$ 84,707	\$ -
Allowance for uncollectible	(84,707)	-	-	(84,707)	-
Wood Lumber Company Specialties, Inc.					
Loan 1	216,557	-	-	216,557	-
Allowance for uncollectible	(216,557)	-	-	(216,557)	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

7. Internal and Interfund Balances and Transfers

Internal balances between funds and activities for the year ended June 30, 2016 were as follows:

Balances

Due From	Due To	Amount	Nature of Balance
General Fund	Cemetery Account	\$ 4,688	CD Interest deposited to Gen Fund in error
General Fund	IPWA	913	Miscellaneous reimbursement
General Fund	Library Fund	25,543	Hotel/Motel Tax Revenue
General Fund	LETN Account	555	Youth ACT revenue
Federal Nutrition	IPWA	4,988	Cover negative cash balance in Federal Nutrition Fund
		<u>\$ 36,687</u>	

Reconciliation to Fund Financial Statements and Statement of Net Position:

	Due From	Due To	Net Balances
Governmental Funds	\$ 30,786	\$ (36,687)	\$ (5,901)
Proprietary Funds	5,901	-	5,901
Total	<u>\$ 36,687</u>	<u>\$ (36,687)</u>	<u>\$ -</u>

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2016

Transfers

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
MCRA Fuel Farm	IPWA	\$ 43,411	Debt service payment
IPWA	General Fund	730,504	Return of unused of Sales Tax
IPWA	Cart Maintenance Fund	104,609	Set up new Fund
Landfill Fund	IPWA	10,515	Close out and transfer of balance
Transportation Enhancement Fund	General Fund	307	Close out and transfer of balance
General Fund	Federal Nutrition	5,600	Operating Subsidy
General Fund	IPWA	75,000	Operating Subsidy
General Fund	Special Grant Fund	8,071	Operating Subsidy
General Fund	Special Grant Fund	25,000	Transfer of Capital Outlay
General Fund	IPWA	1,184,092	Transfer of Sales Tax
		<u>\$ 2,187,109</u>	

Reconciliation to Fund & Government Wide Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers per SRECNA</u>	<u>Net Transfers per SOA</u>
Governmental Funds	\$ 769,482	\$ (1,341,481)	\$ (571,999)	\$ (571,999)
Proprietary Funds	1,417,627	(845,628)	\$ 571,999	571,999
Total	<u>\$ 2,187,109</u>	<u>\$ (2,187,109)</u>	<u>\$ -</u>	<u>\$ -</u>

8. Risk Management

The City and its public trusts are exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. These risks are managed by securing commercial insurance for all risks. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

9. Pension Plan Participation

The City of Idabel participates in three pension or retirement plans:

- Oklahoma Firefighter's Pension and Retirement System (OFPRS)—a statewide cost sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS)—a statewide cost sharing plan
- City of Idabel Retirement Plan—a City sponsored defined contribution plan

Firefighter Pension System

Plan Summary Information—the City of Idabel, as the employer, participates in a statewide cost sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter's Pension and Retirement System (OFPRS). The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and debt benefits to the plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ full-time or volunteer firefighters.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, Oklahoma 73105-3707.

Funding Policy—OFPRS plan members are required to contribute 9% of their annual salary. The City is required by state law to contribute 14% of the members' annual salary. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

Police Pension System

Plan Summary Information—Pursuant to the requirements of Title 11, Section 22-102, the City of Idabel participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Police Pension and Retirement System (OPPRS).

The OPPRS issues a publicly available report that includes financial statements, which can be obtained from the Oklahoma Police Pension and Retirement System, 1001 N.W. 63rd Street, Oklahoma City, Oklahoma, 73116-7335.

Funding Policy—The paid police person contributes 8% to the plan. The City is required by State law to contribute 13% per year per paid police person to the statewide plan. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

City of Idabel Retirement Plan

Plan Summary Information—The City's retirement plan is administered by Ameritas Retirement Plans. It is a defined contribution retirement plan, which provides retirement benefits for all full-time employees.

Funding Policy—Employees must complete six months of service and attain age 20 before becoming eligible to participate. An employee must contribute 2%, but may contribute up to 4%, of their compensation. Employees' contributions are 100% vested. For non-elected City employees, the City contributes 12% of the eligible employee's annual compensation. Non-elected City employees become 20% vested in the City's contributions after the first year, and then 20% per year thereafter becoming fully vested after 5 years of participation. For elected officials, the City contributes 12% of their eligible annual compensation. Elected officials are immediately vested in the City's contributions.

Covered wages for those eligible to participate in the plan totaled \$1,733,734 in 2016.

Summary of Contributions

City of Idabel Retirement Fund			Oklahoma Firefighter's Pension and Retirement System			Oklahoma Police Pension and Retirement System		
Fiscal Year	Employee Contribution	Employer Contribution	Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2014	45,136	181,077	2014	45,243	100%	2014	74,457	100%
2015	47,244	188,848	2015	45,187	100%	2015	69,772	100%
2016	49,828	195,152	2016	50,056	100%	2016	70,960	100%

10. Commitments and Contingencies

Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2016, the reporting entity's long-term debt changed as follows:

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2016

<u>Type of Debt</u>	<u>Restated Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
<i>Governmental Activities:</i>					
Capital lease payable	\$ 100,828	\$ -	\$ 57,226	\$ 43,602	\$ 22,503
Notes payable	2,269,933	-	54,691	2,215,242	55,346
Total Governmental Activities	<u>\$ 2,370,761</u>	<u>\$ -</u>	<u>\$ 111,917</u>	<u>\$ 2,258,844</u>	<u>\$ 77,849</u>
<i>Business-Type Activities:</i>					
Notes Payable	\$ 171,628	\$ -	\$ 47,119	\$ 124,509	\$ 119,059
Capital lease payable	80,627	-	41,501	39,126	39,126
Revenue bonds payable	210,000	-	210,000	-	-
Total Business-Type Activities	<u>462,255</u>	<u>-</u>	<u>298,620</u>	<u>163,635</u>	<u>158,185</u>
Total Long-Term Debt	<u>\$ 2,833,016</u>	<u>\$ -</u>	<u>\$ 410,537</u>	<u>\$ 2,422,479</u>	<u>\$ 236,034</u>

Governmental activities:

At June 30, 2016, the governmental activities long-term debt payable from taxes and other general revenues include the following:

Notes Payable:

On November 13, 2008, the Idabel Public Works Authority issued a promissory note to First National Bank of Idabel for \$2,500,000, with an interest rate of 4.50%. The purpose of the note is to provide funding for the construction of a new library. The note is secured by the proceeds and revenues of the operation of the library and the proceeds of a 5% excise tax on hotel and motel occupancy fees levied and collected by the City. The library is a Governmental activity asset and Governmental activity general revenues are pledged to retire the note.

	\$ 2,215,242
Total Notes Payable	<u>\$ 2,215,242</u>
Current portion	55,346
Noncurrent portion	2,159,896
Total Notes Payable	<u>\$ 2,215,242</u>

Capital Lease Obligations:

\$67,200 lease obligation for the purchase of 2015 Case CE TV380 Tracker Loader, payable in monthly installments of \$1,951 with an annual interest rate of 2.87%, with final payment due April 2018.

	\$ 43,602
Total Capital Leases Payable	<u>\$ 43,602</u>
Current portion	22,503
Non-Current portion	21,099
Total Capital Leases Payable	<u>\$ 43,602</u>

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2016

Business-type activities:

Long-term commitments payable from net revenues generated by the utility resources or other resources pledged to the City's business-type activities at June 30, 2016, includes the following:

Notes Payable:

On April 1, 1998, the Idabel Public Works Authority issued a promissory note to the Oklahoma Department of Commerce pursuant to a CDBG-CD loan agreement. The contract was extended on November 1, 1998 with payments of \$683 per month for 240 months with an interest rate of 0.0%.

\$ 13,651

On December 29, 2006, the Idabel Public Works Authority signed a promissory note to First National Bank of Idabel for \$341,440, with an interest rate of 5.04%. The security for the note is fueling equipment, storage tanks, lines and pumps and proceeds of sales thereof, along with airport hangars, located at the McCurtain County Regional Airport Authority, a portion of the city of Idabel. The purpose of the loan is to refinance the loan related to construction of a fuel farm at the airport and to purchase airport hangars from the IIDA. Per the promissory note, the City will make three annual installments of \$43,391, beginning July 15, 2007. A single balloon payment of the entire unpaid balance of principal and interest will be due July 15, 2016.

110,858

Total Notes Payable	<u>\$ 124,509</u>
Current portion	119,059
Noncurrent portion	<u>5,450</u>
Total Notes Payable	<u>\$ 124,509</u>

Capital Lease Obligations:

\$134,700 lease obligation for the purchase of sanitation truck, payable in 36 monthly installments of \$3,988 with an annual interest rate of 4.165%, with final payment due May 2017.

\$ 39,126

Total Capital Lease Payable	<u>\$ 39,126</u>
Current portion	39,126
Noncurrent portion	<u>-</u>
Total Capital Lease Payable	<u>\$ 39,126</u>

Due to Depositors:

Refundable customer deposits reported as a liability within the Statement of Net Position are comprised of utility customer deposits payable

213,311

Noncurrent Portion of Due to Depositors \$ 213,311

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2016

Conduit Debt—2004 Series Revenue Bonds—On September 1, 2004, the Idabel Public Works Authority issued School Support Revenue Bonds, Series 2004, in the amount of \$4,675,000 for the purpose of acquiring, constructing, renovating, furnishing, and equipping education facilities in Idabel, Oklahoma. Payments due with respect to the Series 2004 bonds are limited obligations of the Authority, payable solely from certain lease rental obligations payable by the School District (the District) under the terms of a lease and from other funds and accounts established under the indenture relating to the Series 2004 bonds. The 2004 Series bonds are not a debt of the City of Idabel, nor are they general obligations of the Authority, but are special limited obligations of the Authority and were issued without recourse to the Authority. The District, through a lease with the Authority, is required to pay to the Authority rent and lease purchase payments in amounts sufficient to pay the interest on the Series 2004 Bonds as it becomes due, during the lease term, and to pay to the Authority the principal of the Series 2004 Bonds when due or required to be redeemed prior to maturity during the lease term. Upon the District's payment of a lease purchase payment, legal title to the portion of the improvements corresponding to that lease purchase payment, as described in the lease, shall vest with the District. Outstanding balance of conduit debt at June 30, 2016 was \$1,060,000.

The long term debt service requirements to maturity are as follows:

<u>Year Ending June 30, 2016</u>		Governmental Activities			
		Notes Payable		Capital Lease Obligations	
		Principal	Interest	Principal	Interest
	2017	\$ 55,346	\$ 99,654	\$ 22,503	\$ 908
	2018	2,159,896	97,163	21,099	256
Totals		<u>\$ 2,215,242</u>	<u>\$ 196,817</u>	<u>\$ 43,602</u>	<u>\$ 1,164</u>

<u>Year Ending June 30, 2016</u>		Business Type Activities			
		Notes Payable		Capital Lease Obligation	
		Principal	Interest	Principal	Interest
	2017	119,059	3,326	39,126	751
	2018	5,450	-	-	-
Totals		<u>\$ 124,509</u>	<u>\$ 3,326</u>	<u>\$ 39,126</u>	<u>\$ 751</u>

Landfill Closure and Post-Closure Requirements

At June 30, 2016, the Idabel Public Works Authority had \$1,200,000 in an account for financial assurance for the closure and post-closure requirements dictated by the U.S. Environmental Protection Agency and the Oklahoma Department of Environmental Quality. This amount is reported as restricted in the Idabel Public Works Authority Fund. The latest estimated liabilities are \$403,678 for closure and \$787,875 for post-closure with the total amount of \$1,191,553. This amount is based upon what it would cost to perform all closure and post-closure care in 2016. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Due to the City's use of the modified cash basis of accounting, this liability is not recorded in the financial statements.

Compensated Absences

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2016, is \$103,100 for the General Fund and \$15,239 for the IPWA.

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2016

Litigation

The City is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City sinking fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute related to judgments, the City feels that any settlement or judgment not covered by insurance would not have a materially adverse effect on the financial condition of the City.

Federal and State Award Programs

The City of Idabel participates in various federal and state grant/loan programs from year-to-year. In 2016, the City's involvement in federal and state award programs was significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City was aware of no such pending audits as of the date of the balance sheet.

CITY OF IDABEL
 Budgetary Comparison Schedule
 (Budgetary Basis)
 For the Year Ended June 30, 2016

General Fund	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	400,000	400,000	1,154,553	\$ 754,553
RESOURCES (INFLOWS):				
Taxes	2,599,300	2,599,300	2,776,522	\$ 177,222
Intergovernmental	186,000	186,000	235,284	49,284
Charges for services	800	800	3,981	3,181
Fees and fines	147,000	147,000	120,368	(26,632)
Licenses and permits	87,400	87,400	15,570	(71,830)
Investment earnings	53,200	53,200	4,657	(48,543)
Miscellaneous	-	-	64,324	64,324
Other Financing Sources - Transfers In	728,904	728,904	730,811	1,907
Total Resources	3,802,604	3,802,604	3,951,517	148,913
Amounts available for appropriation	4,202,604	4,202,604	5,106,070	903,466
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Departmental:				
<i>General Government:</i>				
City manager	93,250	93,250	88,432	4,818
City clerk	214,742	214,742	207,820	6,922
General government	171,803	171,803	106,814	64,989
Ordinance inspector	68,734	68,734	46,904	21,830
<i>Street:</i>				
Street	780,500	780,500	733,102	47,398
<i>Public Safety:</i>				
Police	1,411,375	1,411,375	1,364,176	47,199
Fire	616,450	616,450	605,047	11,403
<i>Cemetery</i>	199,800	199,800	200,260	(460)
<i>Legal and Judicial:</i>				
City Judge	37,015	37,015	34,831	2,184
City Attorney	43,700	43,700	17,850	25,850
<i>Culture and Recreation:</i>				
Library	36,546	36,546	33,168	3,378
Parks	57,000	57,000	40,333	16,667
<i>Community Support:</i>				
Nutrition	124,860	124,860	125,281	(421)
Senior Citizen	46,175	46,175	35,591	10,584
<i>Airport</i>	110,506	110,506	54,168	56,338
<i>Maintenance</i>	76,520	76,520	63,617	12,903
<i>Industrial Development</i>	113,628	113,628	112,948	680
Total Charges to Appropriations	4,202,604	4,202,604	3,870,342	332,262
Excess (deficiency) of revenues over expenditures	(400,000)	(400,000)	81,175	481,175
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 1,235,728	\$ 1,235,728

(UNAUDITED)

CITY OF IDABEL
Budgetary Comparison Schedule
(Budgetary Basis)
For the Year Ended June 30, 2016

Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedules are reported on the budgetary basis which differs from the modified cash basis as shown below in paragraph 3.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a department require the approval of the Mayor. All other transfers require the approval of the City Council. All supplemental appropriations require the approval of the City Council and are to be filed with the Office of the State Auditor and Inspector.
3. The budgetary basis differs from the modified cash basis as shown in the schedule below:

	Per Statement of Changes in Fund Balance	Reclass transfers out	LETN Fund	MCRA Fuel Farm Fund	Cemetery Maintenance Fund	Per Budgetary Comparison Schedule
Resources (Inflows):						
Total Revenues	\$ 4,674,686	\$ (1,184,092)	\$ (6,458)	\$ (258,675)	\$ (4,755)	\$ 3,220,706
Transfers in	730,811	-	-	-	-	730,811
Fund balance, beginning	1,653,553	-	(9,926)	(202,490)	(286,584)	1,154,553
Total Revenues and Other Financing Sources	<u>7,059,050</u>	<u>(1,184,092)</u>	<u>(16,384)</u>	<u>(461,165)</u>	<u>(291,339)</u>	<u>5,106,070</u>
Charges to Appropriations (Outflows):						
Total Expenditures	4,097,830	38,671	(667)	(255,170)	(10,322)	3,870,342
Transfers Out	1,266,174	(1,222,763)	-	(43,411)	-	-
Total Expenditures and Other Financing Uses	<u>5,364,004</u>	<u>(1,184,092)</u>	<u>(667)</u>	<u>(298,581)</u>	<u>(10,322)</u>	<u>3,870,342</u>
Ending Fund Balance	<u>\$ 1,695,046</u>	<u>\$ -</u>	<u>\$ (15,717)</u>	<u>\$ (162,584)</u>	<u>\$ (281,017)</u>	<u>\$ 1,235,728</u>

4. The other funds of the City did not have budgets prepared as required by state law. The expenditures and transfers out in these funds were as follows:

Special Grant Fund	\$ 645,747
Library	162,053
Federal Nutrition	75,483
E911 Fund	79,113
LETN	667
MCRA Fuel Farm Fund	298,581
Cemetery Maintenance	10,322

(UNAUDITED)

CITY OF IDABEL
Combining Balance Sheet – General Fund Accounts
(Modified Cash Basis)
June 30, 2016

	<u>General Fund</u>	<u>LETN</u>	<u>MCRA Fuel Farm</u>	<u>Cemetery Maintenance</u>	<u>Total General Fund</u>
ASSETS					
Cash and cash equivalents	\$ 883,808	\$ 15,162	\$ 162,584	\$ 226,185	\$ 1,287,739
Investments	401,708	-	-	50,144	451,852
Due from other governments	3,175	-	-	-	3,175
Due from other funds	-	555	-	4,688	5,243
Total assets	<u>1,288,691</u>	<u>15,717</u>	<u>162,584</u>	<u>281,017</u>	<u>1,748,009</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other governments	647	-	-	-	647
Due to other funds	31,699	-	-	-	31,699
Due to bondholders	<u>20,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,617</u>
Total liabilities	<u>52,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,963</u>
FUND BALANCES					
Restricted for:					
Cemetery	-	-	-	39,729	39,729
Assigned to:					
Next year's budget	400,000	-	-	-	400,000
Cemetery	-	-	-	241,288	241,288
Airport	-	-	162,584	-	162,584
Police	-	15,717	-	-	15,717
Unassigned	835,728	-	-	-	835,728
Total fund balances	<u>1,235,728</u>	<u>15,717</u>	<u>162,584</u>	<u>281,017</u>	<u>1,695,046</u>
Total liabilities and fund balances	<u>\$ 1,288,691</u>	<u>\$ 15,717</u>	<u>\$ 162,584</u>	<u>\$ 281,017</u>	<u>\$ 1,748,009</u>

CITY OF IDABEL
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance—General Fund Accounts
(Modified Cash Basis)
For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>LETN</u>	<u>MCRA Fuel Farm</u>	<u>Cemetery Maintenance</u>	<u>Total General Fund</u>
REVENUES					
Taxes	\$ 3,960,614	\$ -	\$ -	\$ -	\$ 3,960,614
Intergovernmental	235,284	-	-	-	235,284
Charges for services	3,981	6,444	258,675	3,888	272,988
Fees and fines	120,368	-	-	-	120,368
Licenses and permits	15,570	-	-	-	15,570
Investment income	4,657	14	-	667	5,338
Miscellaneous	64,324	-	-	200	64,524
Total revenues	<u>4,404,798</u>	<u>6,458</u>	<u>258,675</u>	<u>4,755</u>	<u>4,674,686</u>
EXPENDITURES					
General government	441,599	-	-	-	441,599
Streets and highways	700,642	-	-	-	700,642
Public Safety	1,928,665	667	-	-	1,929,332
Cemetery	199,957	-	-	10,322	210,279
Legal and judicial	52,681	-	-	-	52,681
Culture and recreation	48,501	-	-	-	48,501
Community support	147,787	-	-	-	147,787
Airport	54,168	-	178,260	-	232,428
Maintenance	63,617	-	-	-	63,617
Industrial development	112,948	-	-	-	112,948
Capital Outlay	20,201	-	76,910	-	97,111
Debt Service:					
Principal	57,226	-	-	-	57,226
Interest and other charges	3,679	-	-	-	3,679
Total Expenditures	<u>3,831,671</u>	<u>667</u>	<u>255,170</u>	<u>10,322</u>	<u>4,097,830</u>
Excess (deficiency) of revenues over expenditures	<u>573,127</u>	<u>5,791</u>	<u>3,505</u>	<u>(5,567)</u>	<u>576,856</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	730,811	-	-	-	730,811
Transfers out	(1,222,763)	-	(43,411)	-	(1,266,174)
Total other financing sources and uses	<u>(491,952)</u>	<u>-</u>	<u>(43,411)</u>	<u>-</u>	<u>(535,363)</u>
 Net change in fund balances	 81,175	 5,791	 (39,906)	 (5,567)	 41,493
Fund balances - beginning	<u>1,154,553</u>	<u>9,926</u>	<u>202,490</u>	<u>286,584</u>	<u>1,653,553</u>
Fund balances - ending	<u>\$ 1,235,728</u>	<u>\$ 15,717</u>	<u>\$ 162,584</u>	<u>\$ 281,017</u>	<u>\$ 1,695,046</u>

CITY OF IDABEL
Combining Balance Sheet—Nonmajor Governmental Funds
(Modified Cash Basis)
June 30, 2016

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUND	Total-Other Governmental Funds
	Federal Nutrition	Emergency Shelter	E-911	Transportation Enhancement	
ASSETS					
Cash and cash equivalents	\$ -	\$ 458	\$ 83,665	\$ -	\$ 84,123
Total assets	<u>-</u>	<u>458</u>	<u>83,665</u>	<u>-</u>	<u>84,123</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	4,988	-	-	-	4,988
Total liabilities	<u>4,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,988</u>
 FUND BALANCES					
Restricted for:					
E-911	-	-	82,112	-	82,112
Emergency food & shelter program	-	458	-	-	458
Assigned to:					
E-911	-	-	1,553	-	1,553
Unassigned (deficit)	(4,988)	-	-	-	(4,988)
Total fund balances	<u>(4,988)</u>	<u>458</u>	<u>83,665</u>	<u>-</u>	<u>79,135</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 458</u>	<u>\$ 83,665</u>	<u>\$ -</u>	<u>\$ 84,123</u>

CITY OF IDABEL
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance—Nonmajor Governmental Funds
(Modified Cash Basis)
For the Year Ended June 30, 2016

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUND	Total-Other Governmental Funds
	Federal Nutrition	Emergency Shelter	E-911	Transportation Enhancement	
REVENUES					
Taxes	\$ 69,049	\$ -	\$ -	\$ -	\$ 69,049
Investment income	-	-	101	-	101
Miscellaneous	10	-	-	-	10
Total revenues	<u>69,059</u>	<u>-</u>	<u>101</u>	<u>-</u>	<u>69,160</u>
EXPENDITURES					
Current:					
Public Safety	-	-	4,113	-	4,113
Community support	75,483	-	-	-	75,483
Total Expenditures	<u>75,483</u>	<u>-</u>	<u>4,113</u>	<u>-</u>	<u>79,596</u>
Excess (deficiency) of revenues over expenditures	<u>(6,424)</u>	<u>-</u>	<u>(4,012)</u>	<u>-</u>	<u>(10,436)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	5,600	-	-	-	5,600
Transfers out	-	-	(75,000)	(307)	(75,307)
Total other financing sources and uses	<u>5,600</u>	<u>-</u>	<u>(75,000)</u>	<u>(307)</u>	<u>(69,707)</u>
Net change in fund balances	(824)	-	(79,012)	(307)	(80,143)
Fund balances - beginning	<u>(4,164)</u>	<u>458</u>	<u>162,677</u>	<u>307</u>	<u>159,278</u>
Fund balances - ending	<u>\$ (4,988)</u>	<u>\$ 458</u>	<u>\$ 83,665</u>	<u>\$ -</u>	<u>\$ 79,135</u>

CITY OF IDABEL
Combining Balance Sheet – IPWA Accounts
June 30, 2016

	IPWA Enterprise Fund Accounts		
	IPWA Fund	IPWA CART Maintenance	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,753,611	\$ 80,944	\$ 1,834,555
Investments	1,197,479	-	1,197,479
Restricted:			
Cash and cash equivalents	186,138	-	186,138
Due from other funds	5,901	-	5,901
Other receivables	75	-	75
Total current assets	<u>3,143,204</u>	<u>80,944</u>	<u>3,224,148</u>
Non-current assets:			
Restricted:			
Cash and cash equivalents	229,828	-	229,828
Investments	<u>1,350,000</u>	<u>-</u>	<u>1,350,000</u>
Total non-current assets	<u>1,579,828</u>	<u>-</u>	<u>1,579,828</u>
Total assets	<u>4,723,032</u>	<u>80,944</u>	<u>4,803,976</u>
LIABILITIES			
Due to depositors	<u>213,311</u>	<u>-</u>	<u>213,311</u>
Total liabilities	<u>213,311</u>	<u>-</u>	<u>213,311</u>
NET POSITION			
Restricted for debt service	421,480	-	421,480
Restricted for other purposes	1,200,000	-	1,200,000
Unrestricted	<u>2,888,241</u>	<u>80,944</u>	<u>2,969,185</u>
Total net position	<u>\$ 4,509,721</u>	<u>\$ 80,944</u>	<u>\$ 4,590,665</u>

CITY OF IDABEL

Combining Schedule of Revenues, Expenses, and Changes in Net Position – IPWA Accounts
For the Year Ended June 30, 2016

	IPWA Enterprise Fund Accounts		
	IPWA Fund	IPWA CART	Total
REVENUES			
Charges for services:			
Pledged as security:			
Water charges	\$ 1,057,715	\$ -	\$ 1,057,715
Sewer charges	709,588	-	709,588
Unpledged:			
Sanitation charges	644,343	-	644,343
Landfill charges	175,556	-	175,556
Water taps	10,175	-	10,175
Sewer taps	1,150	-	1,150
Penalties	47,488	-	47,488
Reconnect fees	29,830	-	29,830
Transfer fees	2,475	-	2,475
Rent income	2,200	-	2,200
Insufficient check charge	800	-	800
Miscellaneous	3,092	-	3,092
Total operating revenues	<u>2,684,412</u>	<u>-</u>	<u>2,684,412</u>
OPERATING EXPENSES			
Managerial	71,065	-	71,065
Water-other	640,072	-	640,072
Sanitation	589,954	23,684	613,638
Landfill	187,839	-	187,839
Lift station	105,876	-	105,876
Filter plant	393,617	-	393,617
Sewer plant	258,795	-	258,795
Sewer-other	227,966	-	227,966
Total Operating Expenses	<u>2,475,184</u>	<u>23,684</u>	<u>2,498,868</u>
Operating income (loss)	<u>209,228</u>	<u>(23,684)</u>	<u>185,544</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	37,201	176	37,377
Capital outlay	(164,395)	-	(164,395)
Debt service:			
Principal retirement	(336,480)	-	(336,480)
Interest expense	(19,001)	-	(19,001)
Fiscal agent fees	-	(157)	(157)
Total non-operating revenue (expenses)	<u>(482,675)</u>	<u>19</u>	<u>(482,656)</u>
Income (loss) before transfers	<u>(273,447)</u>	<u>(23,665)</u>	<u>(297,112)</u>
Transfers in	1,313,018	104,609	1,417,627
Transfers out	(845,628)	-	(845,628)
Change in net position	193,943	80,944	274,887
Total net position - beginning	4,315,778	-	4,315,778
Total net position - ending	<u>\$ 4,509,721</u>	<u>\$ 80,944</u>	<u>\$ 4,590,665</u>

CITY OF IDABEL
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2016

Federal/State Grantor/Pass through agency Grantor/Program Title	CFDA#	Grant #	Award Amount	Expenditures
Federal				
<i>Department of Agriculture</i>				
<i>Passed through the Oklahoma Department of Human Services and Kiamichi Area Nutrition Project:</i>				
Food Distribution	10.550	N/A	\$ 65,613	\$ 65,613
<i>Department of Justice</i>				
<i>Passed through the Oklahoma District Attorneys Council:</i>				
Justice Assistance Grant Program - Local Law Enforcement	16.738	JAG-LLE-2015-Idabel CI-001	9,820	9,820
<i>Federal Aviation Administration</i>				
Airport Grant - North Parallel Taxiway	20.106	3-40-0137-010-2013	2,873,342	347,249
<i>Department of Transportation</i>				
<i>Passed through the Oklahoma Department of Public Safety:</i>				
Idabel Traffic Enforcement	20.601	PT-15-03-09-02	12,600	2,013
Idabel Traffic Enforcement	20.601	SE-16-03-04-03	16,100	11,621
Total 20.601			28,700	13,634
<i>Department of Homeland Security</i>				
<i>Passed through the Federal Emergency Management Agency:</i>				
Emergency Food and Shelter Program	97.024	N/A	4,260	4,260
Total Federal			\$ 2,981,735	\$ 440,576
 <i>Oklahoma Aeronautics Commission</i>				
Airport Grant	-	404-14-FS	\$ 159,630	\$ 19,292
<i>Oklahoma Department of Agriculture</i>				
Assistance to Firefighters' Grant	-	N/A	4,290	2,407
<i>Oklahoma Tobacco Settlement Trust</i>				
Healthy Communities Incentive Grant	-	N/A	13,000	7,000
Healthy Communities Incentive Grant	-	N/A	37,000	37,000
Total Oklahoma Tobacco Settlement Trust			50,000	44,000
Total State			\$ 213,920	\$ 65,699



**HINKLE &
COMPANY**
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**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of the Financial
Statements Performed in Accordance with
Government Auditing Standards**

Honorable Mayor and City Council
City of Idabel
Idabel, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America 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 City of Idabel, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Idabel's basic financial statements, and have issued our report thereon dated March 10, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Idabel'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Idabel's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Idabel'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.

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 City of Idabel'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.

Hick & Company, PC

Tulsa, Oklahoma
March 10, 2017



City of Idabel
Schedule of Findings and Responses
Year Ended June 30, 2016

Findings – Financial Statement Audit

None



City of Idabel
Summary of Schedule of Prior Audit Findings
Year Ended June 30, 2016

No Items Reportable.

