



CITY OF IDABEL, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

THE CITY OF IDABEL, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

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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 modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Idabel, (the City), as of and for the year ended June 30, 2017, and the related notes to the basic 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.

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.

Opinion

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, 2017, 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City's basic financial statements. The management's discussion and analysis, budgetary comparison information, the non-major governmental funds combining statements---modified cash basis, schedules of expenditures of federal and state awards, and schedule of debt service coverage requirements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The management's discussion and analysis on pages 6 through 12, and the budgetary comparison information on pages 35 and 36 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

The non-major governmental funds combining statements---modified cash basis, schedules of expenditures of federal and state awards, and schedule of debt service coverage requirements 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 procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole



Honorable Mayor and City Council
City of Idabel
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2018 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.

Hill & Company

Tulsa, Oklahoma
March 1, 2018



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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, 2017. 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 increased by \$4,570,395 and the assets of the City exceed its liabilities at June 30, 2017, by \$11,524,223 (net position). Of this amount, \$5,461,572 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2017, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$1,969,864.
- At the end of fiscal year 2017, unassigned fund balance on a modified cash basis for the General Fund was \$351,243 or 7.5% of General Fund revenues.

ABOUT THE CITY

The City of Idabel is an incorporated municipality with a population of approximately 7,000 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.

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 21-35 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 and State Awards.

CITY OF IDABEL, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2017

THE CITY AS A WHOLE

For the year ended June 30, 2017, net position on a modified cash basis for the governmental and business-type activities increased \$4.6 million, primarily due to the IPWA's OWRB promissory note proceeds of \$4.1 million recorded as a restricted investment in the Business-Type Activities Statement of Net Position.

Net Position (Modified Cash Basis)
June 30, 2017

	Governmental Activities	Business-type Activities	Total
Beginning net position	\$ 2,363,163	\$ 4,590,665	\$ 6,953,828
Change in net position	(393,299)	4,963,694	4,570,395
Ending net position	<u>\$ 1,969,864</u>	<u>\$ 9,554,359</u>	<u>\$ 11,524,223</u>

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

	Governmental Activities		% Inc. (Dec.)	Business-type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2017	2016		2017	2016		2017	2016	
Assets	\$ 1,986,029	\$ 2,384,427	-17%	\$ 9,766,207	\$ 4,803,976	103%	\$ 11,752,236	\$ 7,188,403	63%
Total assets	<u>1,986,029</u>	<u>2,384,427</u>	-17%	<u>9,766,207</u>	<u>4,803,976</u>	103%	<u>11,752,236</u>	<u>7,188,403</u>	63%
Liabilities	16,165	21,264	-24%	211,848	213,311	-1%	228,013	234,575	-3%
Total liabilities	<u>16,165</u>	<u>21,264</u>	-24%	<u>211,848</u>	<u>213,311</u>	-1%	<u>228,013</u>	<u>234,575</u>	-3%
Net position:									
Restricted	648,070	704,953	-8%	5,414,581	1,621,480	234%	6,062,651	2,326,433	161%
Unrestricted	1,321,794	1,658,210	-20%	4,139,778	2,969,185	39%	5,461,572	4,627,395	18%
Total net position	<u>\$ 1,969,864</u>	<u>\$ 2,363,163</u>	-17%	<u>\$9,554,359</u>	<u>\$4,590,665</u>	108%	<u>\$11,524,223</u>	<u>\$6,953,828</u>	66%

A portion of the City's net position, \$6,062,651, 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, 2017

Changes in Net Position (Modified Cash Basis)
Year Ended June 30, 2017

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2017	2016		2017	2016		2017	2016	
Revenues:									
Program revenues:									
Charges for services	\$ 399,439	\$ 400,212	0%	\$ 2,997,302	\$ 2,684,412	12%	\$ 3,396,741	\$ 3,084,624	10%
Operating grants/contributions	314,920	189,843	66%	-	-	-	314,920	189,843	66%
Capital grants/contributions and debt proceeds	240,747	350,178	-31%	4,205,944	-	100%	4,446,691	350,178	1170%
General revenues:									
Sales and use taxes	3,718,887	3,718,034	0%	-	-	-	3,718,887	3,718,034	0%
Other taxes	346,065	363,717	-5%	-	-	-	346,065	363,717	-5%
Other general revenue	263,202	247,023	7%	41,513	37,377	11%	304,715	284,400	7%
Total revenues	<u>5,283,260</u>	<u>5,269,007</u>	0%	<u>7,244,759</u>	<u>2,721,789</u>	166%	<u>12,528,019</u>	<u>7,990,796</u>	57%
Program expenses:									
General government	482,056	441,899	9%	-	-	-	482,056	441,899	9%
Streets	755,094	711,642	6%	-	-	-	755,094	711,642	6%
Public safety	2,299,713	1,950,994	18%	-	-	-	2,299,713	1,950,994	18%
Cemetery	241,669	210,582	15%	-	-	-	241,669	210,582	15%
Legal and judicial	57,526	52,681	9%	-	-	-	57,526	52,681	9%
Culture and recreation	71,814	362,037	-80%	-	-	-	71,814	362,037	-80%
Community development	221,706	230,755	-4%	-	-	-	221,706	230,755	-4%
Airport	397,933	632,166	-37%	-	-	-	397,933	632,166	-37%
Maintenance	64,547	63,617	1%	-	-	-	64,547	63,617	1%
Industrial development	118,089	112,948	5%	-	-	-	118,089	112,948	5%
Principal Retirement	133,869	111,917	20%	-	-	-	133,869	111,917	20%
Interest and fiscal agent fees	111,036	103,988	7%	-	-	-	111,036	103,988	7%
Water operations	-	-	-	1,263,893	1,228,067	3%	1,263,893	1,228,067	3%
Sewer operations	-	-	-	722,586	796,524	-9%	722,586	796,524	-9%
Sanitation operations	-	-	-	718,420	680,004	6%	718,420	680,004	6%
Landfill operations	-	-	-	225,775	250,355	-10%	225,775	250,355	-10%
Governmental Principal Retirement	-	-	-	66,917	57,848	16%	66,917	57,848	16%
Governmental Interest Expense	-	-	-	4,981	6,103	-18%	4,981	6,103	-18%
Total expenses	<u>4,955,052</u>	<u>4,985,226</u>	-1%	<u>3,002,572</u>	<u>3,018,901</u>	-1%	<u>7,957,624</u>	<u>8,004,127</u>	-1%
Excess (deficiency) before transfers	328,208	283,781	16%	4,242,187	(297,112)	-1528%	4,570,395	(13,331)	-34384%
Net transfers in (out)	<u>(721,507)</u>	<u>(571,999)</u>	-26%	<u>721,507</u>	<u>571,999</u>	26%	<u>-</u>	<u>-</u>	-
Increase (decrease) in net position	<u>(\$ 393,299)</u>	<u>(\$ 288,218)</u>	-36%	<u>\$ 4,963,694</u>	<u>\$ 274,887</u>	1706%	<u>\$ 4,570,395</u>	<u>(\$ 13,331)</u>	-34384%
Net position - beginning	<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%
Net position - ending	<u>\$ 1,969,864</u>	<u>\$ 2,363,163</u>	-17%	<u>\$ 9,554,359</u>	<u>\$ 4,590,665</u>	108%	<u>\$ 11,524,223</u>	<u>\$ 6,953,828</u>	66%

Governmental Activities

The City's governmental activities had a decrease in net position compared to the prior year decrease. Overall, this is primarily due to a decrease in capital grants/contributions, and an increase in transfers out. Specific significant changes in the following areas of revenues and expenses are noted below:

- Operating grants/contributions revenue increased mainly due to a \$161,000 FEMA Assistance to Firefighter's grant received in 2017.
- Capital grants/contributions revenue decreased mainly due to a \$113,000 reduction in Airport and Playground grants and contributions received in 2017.
- Culture and recreation expense decreased mainly due to a \$300,000 reduction in Parks and Playground repairs and maintenance expense.
- Airport expense decreased mainly due to a \$257,000 reduction in miscellaneous, fuel farm, and gas and oil expenses.
- Transfers out increased mainly due to a \$200,000 transfer of CD's from the General Fund to the IPWA.

CITY OF IDABEL, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2017

Net Revenue (Expense) of Governmental Activities

	Total Expense of Services		% Inc (Dec)	Net Revenue (Expense) of Services		% Inc (Dec)
	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>	
General government	\$ 482,056	\$ 441,899	9.1%	\$ (430,535)	\$ (426,399)	1.0%
Streets	755,094	711,642	6.1%	(694,753)	(655,671)	6.0%
Public safety	2,299,713	1,950,994	17.9%	(1,987,267)	(1,763,972)	12.7%
Cemetery	241,669	210,582	14.8%	(238,216)	(206,494)	15.4%
Legal and judicial	57,526	52,681	9.2%	(57,526)	(52,681)	9.2%
Culture and recreation	71,814	362,037	-80.2%	(21,214)	(275,737)	-92.3%
Community development	221,706	230,755	-3.9%	(154,434)	(161,706)	-4.5%
Airport	397,933	632,166	-37.1%	11,540	(109,863)	-110.5%
Maintenance	64,547	63,617	1.5%	(64,547)	(63,617)	1.5%
Industrial development	118,089	112,948	4.6%	(118,089)	(112,948)	4.6%
Principal Retirement	133,869	111,917	19.6%	(133,869)	(111,917)	19.6%
Interest and fiscal agent fees	111,036	103,988	6.8%	(111,036)	(103,988)	6.8%
Total	\$4,955,052	\$4,985,226	-0.6%	\$ (3,999,946)	\$ (4,044,993)	-1.1%

Business-type Activities

The business-type activities had an increase in net position compared to the prior year increase. This is primarily due to an increase in capital grants/contributions and debt proceeds.

Net Revenue (Expense) of Business-Type Activities

	Total Expense of Services		% Inc (Dec)	Net Revenue (Expense) of Services		% Inc (Dec)
	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>	
Water operations	\$ 1,263,893	\$ 1,228,067	2.9%	\$ 4,004,644	\$ (124,425)	-3318.5%
Wastewater operations	722,586	796,524	-9.3%	2,662	(62,525)	-104.3%
Sanitation operations	718,420	680,004	5.6%	127,116	(15,846)	-902.2%
Landfill operations	225,775	250,355	-9.8%	138,150	(67,742)	-303.9%
Governmental Principal Retirement	66,917	57,848	15.7%	(66,917)	(57,848)	15.7%
Governmental Interest Expense	4,981	6,103	-18.4%	(4,981)	(6,103)	-18.4%
Total	\$ 3,002,572	\$ 3,018,901	-0.5%	\$ 4,200,674	\$ (334,489)	-1355.8%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2017 fiscal year, the governmental funds reported a combined fund balance of \$1,969,864. For the year ended June 30, 2017, the General Fund's total fund balance decreased by \$365,176, or 21.5% mainly due to an increased transfer to the IPWA of about \$200,000.

Budgetary Highlights

Total revenues exceeded the amount budgeted by \$57,770, or 1.4%, while total expenditures and transfers out were more than the amount budgeted by \$21,960, or 0.5%.

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 2018 fiscal year are each budgeted to increase approximately \$113,000.
- The IPWA revenues and expenses for the 2018 fiscal year are each budgeted to increase approximately \$122,000.

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, 2017

	<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	\$ 1,740,332	\$ 2,985,466	\$ 4,725,798	\$ 53,674
Investments	250,807	6,772,381	7,023,188	1,000,000
Due from other governments	3,175	-	3,175	-
Other receivables	-	75	75	225,000
Internal Balances	(8,285)	8,285	-	-
Total Assets	<u>1,986,029</u>	<u>9,766,207</u>	<u>11,752,236</u>	<u>1,278,674</u>
LIABILITIES				
Due to other governments	1,808	-	1,808	-
Due to bondholders	14,357	-	14,357	-
Due to depositors	-	211,848	211,848	-
Total liabilities	<u>16,165</u>	<u>211,848</u>	<u>228,013</u>	<u>-</u>
NET POSITION				
Restricted for:				
Grant purposes	201,708	-	201,708	-
Cemetery	9,020	-	9,020	-
Library	370,414	-	370,414	-
E-911	66,469	-	66,469	-
Other purposes	459	1,220,533	1,220,992	-
Debt service	-	4,194,048	4,194,048	-
Unrestricted	1,321,794	4,139,778	5,461,572	1,278,674
Total net position	<u>\$ 1,969,864</u>	<u>\$ 9,554,359</u>	<u>\$ 11,524,223</u>	<u>\$ 1,278,674</u>

CITY OF IDABEL, OKLAHOMA
Statement of Activities
(Modified Cash Basis)
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental Activities								
General Government	\$ 482,056	\$ 48,123	\$ -	\$ 3,398	\$ (430,535)	\$ -	\$ (430,535)	\$ -
Streets	755,094	-	60,341	-	(694,753)	-	(694,753)	-
Public Safety	2,299,713	125,139	187,307	-	(1,987,267)	-	(1,987,267)	-
Cemetery	241,669	3,453	-	-	(238,216)	-	(238,216)	-
Legal and judicial	57,526	-	-	-	(57,526)	-	(57,526)	-
Culture and Recreation	71,814	-	-	50,600	(21,214)	-	(21,214)	-
Community development	221,706	-	67,272	-	(154,434)	-	(154,434)	-
Airport	397,933	222,724	-	186,749	11,540	-	11,540	-
Maintenance	64,547	-	-	-	(64,547)	-	(64,547)	-
Industrial Development	118,089	-	-	-	(118,089)	-	(118,089)	-
Principal Retirement	133,869	-	-	-	(133,869)	-	(133,869)	-
Interest on Long-term debt	111,036	-	-	-	(111,036)	-	(111,036)	-
Total governmental activities	4,955,052	399,439	314,920	240,747	(3,999,946)	-	(3,999,946)	-
Business-type activities:								
Water	1,263,893	1,062,593	-	4,205,944	-	4,004,644	4,004,644	-
Wastewater	722,586	725,248	-	-	-	2,662	2,662	-
Sanitation	718,420	845,536	-	-	-	127,116	127,116	-
Landfill	225,775	363,925	-	-	-	138,150	138,150	-
Governmental Principal Retirement	66,917	-	-	-	-	(66,917)	(66,917)	-
Governmental Interest Expense	4,981	-	-	-	-	(4,981)	(4,981)	-
Total business-type activities	3,002,572	2,997,302	-	4,205,944	-	4,200,674	4,200,674	-
Total primary government	7,957,624	3,396,741	314,920	4,446,691	(3,999,946)	4,200,674	200,728	
Component Units								
Industrial Development Authority	63,214	7,580	-	-	-	-	-	(55,634)
Total Component Units	63,214	7,580	-	-	-	-	-	-
General revenues:								
Taxes:								
Sales and use taxes					\$ 3,718,887	\$ -	\$ 3,718,887	\$ 118,089
Occupation taxes					42,984	-	42,984	-
Hotel/motel taxes					89,378	-	89,378	-
Franchise taxes and public service taxes					213,703	-	213,703	-
Intergovernmental revenue not restricted to specific programs					171,146	-	171,146	-
Unrestricted investment earnings					21,940	41,513	63,453	2,021
Miscellaneous					70,116	-	70,116	8,280
Transfers					(721,507)	721,507	-	-
Total general revenues and transfers					3,606,647	763,020	4,369,667	128,390
Change in net position					(393,299)	4,963,694	4,570,395	72,756
Net position - beginning					2,363,163	4,590,665	6,953,828	1,205,918
Net position - ending					\$ 1,969,864	\$ 9,554,359	\$ 11,524,223	\$ 1,278,674

See accompanying notes to the basic financial statements. 15

CITY OF IDABEL, OKLAHOMA

Governmental Funds Balance Sheet

(Modified Cash Basis)

June 30, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,110,553	\$ 629,779	\$ 1,740,332
Investments	250,807	-	250,807
Due from other governments	3,175	-	3,175
Due from other funds	13,199	25,543	38,742
Total assets	<u>1,377,734</u>	<u>655,322</u>	<u>2,033,056</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other governments	1,808	-	1,808
Due to other funds	31,699	15,328	47,027
Due to bondholders	14,357	-	14,357
Total liabilities	<u>47,864</u>	<u>15,328</u>	<u>63,192</u>
Fund balances:			
Restricted for:			
Grant purposes	-	201,708	201,708
Cemetery capital improvements	9,020	-	9,020
Library	-	370,414	370,414
E-911	-	66,469	66,469
Emergency food & shelter program	-	459	459
Assigned to:			
Next year's budget	520,295	-	520,295
Cemetery	242,424	-	242,424
Airport	196,649	-	196,649
Police	10,239	-	10,239
E-911	-	1,623	1,623
Library	-	6,693	6,693
Unassigned (deficit)	351,243	(7,372)	343,871
Total fund balances	<u>1,329,870</u>	<u>639,994</u>	<u>1,969,864</u>
Total liabilities and fund balances	<u>\$ 1,377,734</u>	<u>\$ 655,322</u>	<u>\$ 2,033,056</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, 2017

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 3,983,592	\$ 154,149	\$ 4,137,741
Intergovernmental	238,670	366,666	605,336
Charges for services	234,660	-	234,660
Fees and fines	124,062	1,100	125,162
Licenses and permits	40,105	-	40,105
Investment earnings	6,235	435	6,670
Miscellaneous:			
Donations	-	69,605	69,605
Other	63,981	-	63,981
Total revenues	<u>4,691,305</u>	<u>591,955</u>	<u>5,283,260</u>
EXPENDITURES			
Current:			
General government	466,514	-	466,514
Streets and highways	701,212	1	701,213
Public Safety	2,082,997	15,482	2,098,479
Cemetery	241,669	-	241,669
Legal and judicial	57,526	-	57,526
Culture and recreation	40,441	12,573	53,014
Community support	138,055	79,051	217,106
Airport	189,679	-	189,679
Maintenance	64,547	-	64,547
Industrial development	118,089	-	118,089
Capital Outlay	107,465	394,846	502,311
Debt Service:			
Principal	79,888	53,981	133,869
Interest and other charges	9,995	101,041	111,036
Total Expenditures	<u>4,298,077</u>	<u>656,975</u>	<u>4,955,052</u>
Excess (deficiency) of revenues over expenditures	<u>393,228</u>	<u>(65,020)</u>	<u>328,208</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	782,488	36,896	819,384
Transfers out	(1,540,892)	1	(1,540,891)
Total other financing sources and uses	<u>(758,404)</u>	<u>36,897</u>	<u>(721,507)</u>
Net change in fund balances	(365,176)	(28,123)	(393,299)
Fund balances - beginning	<u>1,695,046</u>	<u>668,117</u>	<u>2,363,163</u>
Fund balances - ending	<u>\$ 1,329,870</u>	<u>\$ 639,994</u>	<u>\$ 1,969,864</u>

See accompanying notes to the basic financial statements. 17

CITY OF IDABEL, OKLAHOMA
Proprietary Fund Statement of Net Position
(Modified Cash Basis)
June 30, 2017

	<u>Idabel Public Works Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,734,461
Investments	1,396,957
Restricted:	
Cash and cash equivalents	186,324
Due from other funds	8,285
Other receivables	75
Total current assets	<u>4,326,102</u>
Non-current assets:	
Restricted:	
Cash and cash equivalents	64,681
Investments	5,375,424
Total non-current assets	<u>5,440,105</u>
Total assets	<u><u>9,766,207</u></u>
LIABILITIES	
Non-current liabilities:	
Due to depositors	211,848
Total non-current liabilities	<u>211,848</u>
Total liabilities	<u>211,848</u>
NET POSITION	
Restricted for debt service	4,194,048
Restricted for other purposes	1,220,533
Unrestricted	4,139,778
Total net position	<u><u>\$ 9,554,359</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, 2017

	<u>Idabel Public Works Authority</u>
REVENUES	
Water	\$ 1,019,420
Sewer	697,952
Sanitation	816,511
Landfill	351,433
Water taps	6,696
Sewer taps	2,400
Penalties	52,129
Reconnect fees	37,780
Transfer fees	2,350
Rent income	600
Insufficient check charges	795
Miscellaneous	9,236
Total operating revenues	<u>2,997,302</u>
OPERATING EXPENSES	
Managerial	74,625
Water	638,577
Sanitation	653,421
Landfill	197,340
Lift station	87,615
Filter plant	373,918
Sewer plant	345,148
Sewer-other	212,601
Total Operating Expenses	<u>2,583,245</u>
Operating income	<u>414,057</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	41,513
Debt proceeds	4,065,000
Debt premium	140,944
Capital outlay	(64,525)
Debt service:	
Principal retirement	(146,183)
Interest expense	(7,566)
Debt issue cost	(201,053)
Total non-operating revenue (expenses)	<u>3,828,130</u>
Income (loss) before transfers	4,242,187
Transfers in	1,494,507
Transfers out	(773,000)
Change in net position	4,963,694
Total net position - beginning	4,590,665
Total net position - ending	<u>\$ 9,554,359</u>

See accompanying notes to the basic financial statements. 19

CITY OF IDABEL, OKLAHOMA
Proprietary Fund Statement of Cash Flows
(Modified Cash Basis)
For the Year Ended June 30, 2017

	<u>Idabel Public Works Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,997,302
Payments to suppliers	(1,401,098)
Payments to employees	(1,184,531)
Receipts of customer meter deposits	29,425
Refunds of customer meter deposits	(30,888)
Net cash provided by operating activities	<u>410,210</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	1,494,507
Transfers to other funds	(773,000)
Net cash provided by noncapital financing activities	<u>721,507</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(64,525)
Proceeds from long-term debt	4,065,000
Proceeds from long-term debt, bond premium	140,944
Payment of debt issue costs	(201,053)
Principal paid on debt	(146,183)
Interest and fiscal agent fees paid on debt	(7,566)
Net cash provided by (used in) capital and related financing activities	<u>3,786,617</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(4,224,902)
Interest and dividends	41,513
Net cash provided by (used in) investing activities	<u>(4,183,389)</u>
Net increase (decrease) in cash and cash equivalents	734,945
Balances - beginning of year	<u>2,250,521</u>
Balances - end of year	<u>\$ 2,985,466</u>
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	2,734,461
Restricted cash and cash equivalents - current	186,324
Restricted cash and cash equivalents - noncurrent	64,681
Total cash and cash equivalents, end of year	<u>2,985,466</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 414,057
Change in assets and liabilities:	
Due from other funds	(2,384)
Deposits subject to refund	(1,463)
Net cash provided by operating activities	<u>\$ 410,210</u>

See accompanying notes to the basic financial statements. 20

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, 2017 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, 2017, 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, permit, capital grants and contributions
- Public Safety—fines, forfeitures, operating grants and contributions
- Streets and Highways—commercial vehicle and gasoline excise tax shared by the State, operating 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
- Water – water charges and capital grants and long-term debt proceeds
- Wastewater – wastewater charges
- Landfill – landfill charges

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.

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.
- Idabel Library Fund—accounts for revenues associated with improvements of the Idabel Library.
- E-911 Fund—accounts for collections for the operation of 911 services.

Capital Project Funds:

- Transportation Enhancement Fund—accounts for funds associated for a City streetscape project.
- Special Grant Project Fund—accounts for miscellaneous grants.

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, 2017, the City recognized \$63,453 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, 2017, the primary government held the following deposits and investments:

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2017

Type	Carrying Value	Credit Rating	Maturity Date	Market Value
<i>Deposits:</i>				
Demand deposits	\$ 4,725,798	N/A	N/A	N/A
Time deposits	3,018,297	N/A	Due within one year	N/A
<i>Investments</i>				
Federated Treasury Obligations Fund	\$ 4,004,891	N/A	N/A	N/A
Total Deposits and Investments	<u><u>\$ 11,748,986</u></u>			

Reconciliation to Statement of Net Position:

Cash and cash equivalents	\$ 4,725,798
Investments	<u>7,023,188</u>
	<u><u>\$ 11,748,986</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, 2017, 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, 2017, the City held no such investments.

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2017

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, 2017, 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, 2017 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	\$ -	\$ 64,681	\$ 150,000
Landfill Reserve	-	-	1,220,533
Trustee Accounts	186,324	-	4,004,891
Total	<u>\$ 186,324</u>	<u>\$ 64,681</u>	<u>\$ 5,375,424</u>

Component Unit—Idabel Industrial Development Authority (IIDA)

For the year ended June 30, 2017, the IIDA recognized \$2,021 of investment income. Due to the minimal rates of return on those investments in the current environment, most of the IIDA's deposits are in demand and short-term time deposits.

At June 30, 2017, the IIDA held the following deposits and investments:

Deposits:

Demand deposits	\$ 53,674	N/A	N/A	N/A
Time deposits	1,000,000	N/A	Due within one year	N/A
Total Deposits	<u>\$ 1,053,674</u>			

Reconciliation to Statement of Net Position:

Cash and cash equivalents	\$ 53,674
Investments	1,000,000
	<u>\$ 1,053,674</u>

The IIDA has no formal policies designed to address interest rate risk, credit risk, custodial credit risk, or concentration of credit risk inherent to investment portfolios, as defined above. As noted in the schedule of deposits and investments above, at June 30, 2017, the IIDA held no such qualifying investments; therefore, no such risk as stated above.

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, 2017, 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, 2017, was \$211,848.

6. Notes Receivable

Component Unit

The Idabel Industrial Development Authority had three notes outstanding as of June 30, 2017. These notes are summarized as follows:

McCurtain County Memorial Hospital

On June 19, 2017 the Authority made a short-term loan for \$225,000 to McCurtain County Memorial Hospital, which is payable in one single payment on July 31st, 2017, at an interest rate of 0%. The Hospital repaid the note on July 17, 2017.

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. 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 Wood Lumber Company Specialties, Inc. and no portion of this loan is considered as being a current asset.

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

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2017

	Balance 6/30/2016	Additions	Deductions	Balance 6/30/2017	Due Within One Year
McCurtain County Memorial Hospital	\$ -	\$ 225,000	\$ -	\$ 225,000	\$ 225,000
Allowance for uncollectible	-	-	-	-	-
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>\$ 225,000</u>	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ 225,000</u>

7. Internal and Interfund Balances and Transfers

Internal balances between funds and activities for the year ended June 30, 2017 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	IPW A	913	Miscellaneous reimbursement
General Fund	Library Fund	25,543	Hotel/Motel Tax Revenue
Library Fund	General Fund	7,956	Hotel/Motel Tax Revenue
General Fund	LETN Account	555	Youth ACT revenue
Federal Nutrition	IPW A	7,372	Cover negative cash balance in Federal Nutrition Fund
		<u>\$ 47,027</u>	

Reconciliation to Fund Financial Statements and Statement of Net Position:

	Due From	Due To	Net Balances
Governmental Funds	\$ 38,742	\$ (47,027)	\$ (8,285)
Proprietary Funds	8,285	-	8,285
Total	<u>\$ 47,027</u>	<u>\$ (47,027)</u>	<u>\$ -</u>

Transfers

Transfer From	Transfer To	Amount	Purpose of Transfer
MCRA Fuel Farm	IPW A	\$ 43,575	Debt service payment
IPW A	General Fund	773,000	Return of unused of Sales Tax
General Fund	Chamber Escrow	9,488	Set up new Fund
General Fund	IPW A	201,062	Transfer of CD
General Fund	IPW A	67,078	Operating Subsidy
General Fund	Federal Nutrition	11,896	Operating Subsidy
General Fund	Special Grant Fund	25,000	Transfer of Capital Outlay
General Fund	IPW A	1,182,792	Transfer of Sales Tax
		<u>\$ 2,313,891</u>	

Reconciliation to Fund & Government Wide Financial Statements:

	Transfers In	Transfers Out	Net Transfers per SRECNA	Net Transfers per SOA
Governmental Funds	\$ 819,384	\$ (1,540,891)	\$ (721,507)	\$ (721,507)
Proprietary Funds	1,494,507	(773,000)	\$ 721,507	721,507
Total	<u>\$ 2,313,891</u>	<u>\$ (2,313,891)</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.

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2017

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 \$1,661,293 in 2017.

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
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%
2017	52,790	199,708	2017	59,194	100%	2017	81,898	100%

10. Commitments and Contingencies

Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2017, the reporting entity's long-term debt changed as follows:

<u>Type of Debt</u>	Restated Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2017</u>	Due Within <u>One Year</u>
<i>Governmental Activities:</i>					
Notes payable	\$ 2,215,242	\$ -	\$ 53,981	\$ 2,161,261	\$ 2,161,261
Capital lease payable	43,601	399,640	79,888	363,353	76,367
Total Governmental Activities	<u>\$ 2,258,843</u>	<u>\$ 399,640</u>	<u>\$ 133,869</u>	<u>\$ 2,524,614</u>	<u>\$ 2,237,628</u>
<i>Business-Type Activities:</i>					
Notes Payable	\$ 124,510	\$ 4,065,000	\$ 54,081	\$ 4,135,429	\$ 109,716
Capital lease payable	162,294	-	92,102	70,192	52,376
Total Business-Type Activities	<u>\$ 286,804</u>	<u>\$ 4,065,000</u>	<u>\$ 146,183</u>	<u>\$ 4,205,621</u>	<u>\$ 162,092</u>
Total Long-Term Debt	<u>\$ 2,545,647</u>	<u>\$ 4,464,640</u>	<u>\$ 280,052</u>	<u>\$ 6,730,235</u>	<u>\$ 2,399,720</u>

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2017

Governmental activities:

At June 30, 2017, 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, with final payment due January 1, 2019.

	\$	2,161,261
Total Notes Payable	\$	<u>2,161,261</u>
Current portion		57,837
Noncurrent portion		<u>2,103,424</u>
Total Notes Payable	\$	<u>2,161,261</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%, and final payment due April 2018.

\$ 19,254

\$116,109 lease obligation for the purchase of three 2017 Ford Explorer Police Interceptor vehicles, payable in annual installments of \$39,833 with an annual interest rate of 2.93%, and final payment due February 2019.

76,276

\$283,531 lease obligation for the purchase of 2017 KME Commercial Pumper, payable in monthly installments of \$2,469 with an annual interest rate of 3.89%, and final payment due August 2028.

267,823

Total Capital Leases Payable	\$	<u>363,353</u>
Current portion		76,367
Non-Current portion		<u>286,986</u>
Total Capital Leases Payable	\$	<u>363,353</u>

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2017

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, 2017, includes the following:

Notes Payable:

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.

\$ 70,429

On June 1, 2017, the Idabel Public Works Authority signed a promissory note to Oklahoma Water Resources Board for \$4,065,000, with an average variable interest rate of 3.52%. The security for the note is sales tax revenue generated from the one percent (1.0%) excise tax adopted by City Ordinance No. 521, with the purpose of said tax to provide revenues for financing projects such as improvements of water and sanitary sewer systems. The note is also secured by Utility net revenues. The purpose of the loan is to finance certain water system improvements, including construction of two new 500,000 gallon water storage tanks and related appurtenances. Final payment is due September 15, 2047.

4,065,000

Total Notes Payable	<u>\$ 4,135,429</u>
Current portion	109,716
Noncurrent portion	4,025,713
Total Notes Payable	<u>\$ 4,135,429</u>

Capital Lease Obligations:

\$86,508 lease obligation for the purchase of John Deere 310SK Backhoe Loader, payable in 36 monthly installments of \$2,497, with an annual interest rate of 3.75%, and final payment due July 2018.

\$ 29,559

\$74,519 lease obligation for the purchase of three Chevrolet Silverado pickup trucks, payable in 36 monthly installments of \$2,224, with an annual interest rate of 4.72%, and final payment due February 2019.

\$ 40,633

Total Capital Lease Payable	<u>\$ 70,192</u>
Current portion	52,376
Noncurrent portion	17,816
Total Capital Lease Payable	<u>\$ 70,192</u>

Due to Depositors:

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

211,848

Noncurrent Portion of Due to Depositors \$ 211,848

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2017

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, 2017 was \$1,060,000.

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

<u>Year Ending June 30, 2017</u>	<u>Governmental Activities</u>			
	<u>Notes Payable</u>		<u>Capital Lease Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 2,161,261	\$ 97,163	\$ 76,367	\$ 12,601
2019	-	-	58,996	10,462
2020	-	-	21,087	8,539
2021	-	-	21,947	7,679
2022	-	-	22,818	6,807
2023-2027	-	-	128,404	19,725
2028-2029	-	-	33,733	830
Totals	<u>\$ 2,161,261</u>	<u>\$ 97,163</u>	<u>\$ 363,352</u>	<u>\$ 66,643</u>

<u>Year Ending June 30, 2017</u>	<u>Business Type Activities</u>			
	<u>Notes Payable</u>		<u>Capital Lease Obligation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 109,716	\$ 148,543	\$ 52,376	\$ 1,774
2019	115,713	144,666	17,816	250
2020	80,000	140,190	-	-
2021	85,000	137,150	-	-
2022	90,000	133,900	-	-
2023-2027	490,000	619,945	-	-
2028-2032	600,000	511,150	-	-
2033-2037	715,000	395,089	-	-
2038-2042	845,000	262,029	-	-
2043-2047	1,005,000	95,622	-	-
Totals	<u>\$ 4,135,429</u>	<u>\$ 2,588,284</u>	<u>\$ 70,192</u>	<u>\$ 2,024</u>

Landfill Closure and Post-Closure Requirements

At June 30, 2017, the Idabel Public Works Authority had \$1,220,533 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 \$460,207 for closure and \$798,611 for post-closure with the total amount of \$1,258,818. This amount is based upon what it would cost to perform all closure and post-closure care in 2017. 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, 2017, is \$104,235 for the General Fund and \$21,284 for the IPWA.

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 2017, the City's involvement in federal award programs was significant. There were no state grant awards in 2017. 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.

11. Fund Deficit Prohibition

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund (excluding a public trust). At June 30, 2017, the City reported a fund balance deficit of \$7,372 in the Federal Nutrition Fund.

CITY OF IDABEL
 Budgetary Comparison Schedule
 (Budgetary Basis)
 For the Year Ended June 30, 2017

General Fund	Budgeted Amounts		Actual Amounts,	Variance with
	Original	Final	Budgetary Basis	Final Budget - Positive (Negative)
Beginning Budgetary Fund Balance:	400,000	400,000	1,235,728	\$ 835,728
RESOURCES (INFLOWS):				
Taxes	2,754,400	2,754,400	2,800,800	\$ 46,400
Intergovernmental	181,000	181,000	238,670	57,670
Charges for services	1,500	1,500	14,180	12,680
Fees and fines	130,000	130,000	124,062	(5,938)
Licenses and permits	96,900	96,900	40,105	(56,795)
Investment earnings	5,500	5,500	5,084	(416)
Miscellaneous	69,300	69,300	63,981	(5,319)
Other Financing Sources - Transfers In	773,000	773,000	782,488	9,488
Total Resources	4,011,600	4,011,600	4,069,370	57,770
Amounts available for appropriation	4,411,600	4,411,600	5,305,098	893,498
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Departmental:				
<i>General Government:</i>				
City manager	94,985	94,985	87,338	7,647
City clerk	221,750	221,750	217,557	4,193
General government	167,542	167,542	122,277	45,265
Ordinance code inspector	63,400	63,400	54,884	8,516
<i>Street:</i>				
Street	812,800	812,800	780,455	32,345
<i>Public Safety:</i>				
Police	1,508,775	1,508,775	1,467,176	41,599
Fire	684,950	684,950	681,517	3,433
Cemetery	207,200	207,200	207,507	(307)
<i>Legal and Judicial:</i>				
City Judge	38,080	38,080	36,550	1,530
City Attorney	32,700	32,700	20,976	11,724
<i>Culture and Recreation:</i>				
Library	37,854	37,854	32,805	5,049
Parks	56,000	56,000	32,636	23,364
<i>Community Support:</i>				
Nutrition	127,310	127,310	134,464	(7,154)
Senior Citizen	52,542	52,542	20,087	32,455
<i>Airport</i>	113,693	113,693	77,066	36,627
<i>Maintenance</i>	73,930	73,930	64,547	9,383
<i>Industrial Development</i>	118,089	118,089	118,089	-
Other Financing Uses - Transfers Out	-	-	277,629	(277,629)
Total Charges to Appropriations	4,411,600	4,411,600	4,433,560	(21,960)
Excess (deficiency) of revenues over expenditures	(400,000)	(400,000)	(364,190)	35,810
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 871,538	\$ 871,538

(UNAUDITED)

CITY OF IDABEL
Budgetary Comparison Schedule
(Budgetary Basis)
For the Year Ended June 30, 2017

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	\$ 4,691,305	\$ (1,182,792)	\$ (5,021)	\$ (212,021)	\$ (4,589)	\$ 3,286,882
Transfers in	782,488	-	-	-	-	782,488
Fund balance, beginning	1,695,046	-	(15,717)	(162,584)	(281,017)	1,235,728
Total Revenues and Other Financing Sources	<u>7,168,839</u>	<u>(1,182,792)</u>	<u>(20,738)</u>	<u>(374,605)</u>	<u>(285,606)</u>	<u>5,305,098</u>
Charges to Appropriations (Outflows):						
Total Expenditures	4,298,077	36,896	(10,499)	(134,381)	(34,162)	4,155,931
Transfers Out	1,540,892	(1,219,688)	-	(43,575)	-	277,629
Total Expenditures and Other Financing Uses	<u>5,838,969</u>	<u>(1,182,792)</u>	<u>(10,499)</u>	<u>(177,956)</u>	<u>(34,162)</u>	<u>4,433,560</u>
Ending Fund Balance	<u>\$ 1,329,870</u>	<u>\$ -</u>	<u>\$ (10,239)</u>	<u>\$ (196,649)</u>	<u>\$ (251,444)</u>	<u>\$ 871,538</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	\$ 398,573
Library	161,207
Federal Nutrition	79,051
E911 Fund	15,643
Emergency Food & Shelter	2,500
LETN	10,499
MCRA Fuel Farm Fund	177,956
Cemetery Maintenance	34,162

5. Expenditures exceeded appropriations in the following departments:

Cemetery	\$ 307
Nutrition	7,154
Transfers Out	277,629

(UNAUDITED)

CITY OF IDABEL
Combining Balance Sheet Schedule – General Fund Accounts
(Modified Cash Basis)
June 30, 2017

	<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	\$ 707,625	\$ 9,684	\$ 196,649	\$ 196,595	\$ 1,110,553
Investments	200,646	-	-	50,161	250,807
Due from other governments	3,175	-	-	-	3,175
Due from other funds	7,956	555	-	4,688	13,199
Total assets	<u>919,402</u>	<u>10,239</u>	<u>196,649</u>	<u>251,444</u>	<u>1,377,734</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other governments	1,808	-	-	-	1,808
Due to other funds	31,699	-	-	-	31,699
Due to bondholders	14,357	-	-	-	14,357
Total liabilities	<u>47,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,864</u>
FUND BALANCES					
Restricted for:					
Cemetery	-	-	-	9,020	9,020
Assigned to:					
Next year's budget	520,295	-	-	-	520,295
Cemetery	-	-	-	242,424	242,424
Airport	-	-	196,649	-	196,649
Police	-	10,239	-	-	10,239
Unassigned	351,243	-	-	-	351,243
Total fund balances	<u>871,538</u>	<u>10,239</u>	<u>196,649</u>	<u>251,444</u>	<u>1,329,870</u>
Total liabilities and fund balances	<u>\$ 919,402</u>	<u>\$ 10,239</u>	<u>\$ 196,649</u>	<u>\$ 251,444</u>	<u>\$ 1,377,734</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, 2017

	<u>General Fund</u>	<u>LETN</u>	<u>MCRA Fuel Farm</u>	<u>Cemetery Maintenance</u>	<u>Total General Fund</u>
REVENUES					
Taxes	\$ 3,983,592	\$ -	\$ -	\$ -	\$ 3,983,592
Intergovernmental	238,670	-	-	-	238,670
Charges for services	14,180	5,006	212,021	3,453	234,660
Fees and fines	124,062	-	-	-	124,062
Licenses and permits	40,105	-	-	-	40,105
Investment income	5,084	15	-	1,136	6,235
Miscellaneous	63,981	-	-	-	63,981
Total revenues	<u>4,469,674</u>	<u>5,021</u>	<u>212,021</u>	<u>4,589</u>	<u>4,691,305</u>
EXPENDITURES					
General government	466,514	-	-	-	466,514
Streets and highways	701,212	-	-	-	701,212
Public Safety	2,079,843	3,154	-	-	2,082,997
Cemetery	207,507	-	-	34,162	241,669
Legal and judicial	57,526	-	-	-	57,526
Culture and recreation	40,441	-	-	-	40,441
Community support	138,055	-	-	-	138,055
Airport	76,019	-	113,660	-	189,679
Maintenance	64,547	-	-	-	64,547
Industrial development	118,089	-	-	-	118,089
Capital Outlay	79,399	7,345	20,721	-	107,465
Debt Service:					
Principal	79,888	-	-	-	79,888
Interest and other charges	9,995	-	-	-	9,995
Total Expenditures	<u>4,119,035</u>	<u>10,499</u>	<u>134,381</u>	<u>34,162</u>	<u>4,298,077</u>
Excess (deficiency) of revenues over expenditures	<u>350,639</u>	<u>(5,478)</u>	<u>77,640</u>	<u>(29,573)</u>	<u>393,228</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	782,488	-	-	-	782,488
Transfers out	(1,497,317)	-	(43,575)	-	(1,540,892)
Total other financing sources and uses	<u>(714,829)</u>	<u>-</u>	<u>(43,575)</u>	<u>-</u>	<u>(758,404)</u>
Net change in fund balances	(364,190)	(5,478)	34,065	(29,573)	(365,176)
Fund balances - beginning	<u>1,235,728</u>	<u>15,717</u>	<u>162,584</u>	<u>281,017</u>	<u>1,695,046</u>
Fund balances - ending	<u>\$ 871,538</u>	<u>\$ 10,239</u>	<u>\$ 196,649</u>	<u>\$ 251,444</u>	<u>\$ 1,329,870</u>

CITY OF IDABEL
Combining Balance Sheet—Nonmajor Governmental Funds
(Modified Cash Basis)
June 30, 2017

	SPECIAL REVENUE FUNDS					CAPITAL PROJECT FUND		Total-Other Governmental Funds
	Federal Nutrition	Emergency Shelter	Emergency Food & Shelter	Library	E-911	Transportation Enhancement	Special Grant Fund	
ASSETS								
Cash and cash equivalents	\$ -	\$ 458	\$ 1	\$ 359,520	\$ 68,092	\$ -	\$ 201,708	\$ 629,779
Investments	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-
Receivable from other governments	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	25,543	-	-	-	25,543
Taxes receivable, net	-	-	-	-	-	-	-	-
Court fines receivable, net	-	-	-	-	-	-	-	-
Ambulance receivable, net	-	-	-	-	-	-	-	-
Utilities receivable, net	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-
Total assets	-	458	1	385,063	68,092	-	201,708	655,322
LIABILITIES AND FUND BALANCES								
Liabilities:								
Due to other funds	7,372	-	-	7,956	-	-	-	15,328
Total liabilities	7,372	-	-	7,956	-	-	-	15,328
FUND BALANCES								
Nonexpendable								
Restricted for:								
Library	-	-		370,414	-	-	-	370,414
E-911	-	-			66,469	-	-	66,469
Grant purposes	-	-			-	-	201,708	201,708
Emergency food & shelter program	-	458	1		-	-	-	459
Assigned to:								
E-911	-	-			1,623	-	-	1,623
Library	-	-		6,693	-	-	-	6,693
Transportation	-	-			-	-	-	-
Unassigned (deficit)	(7,372)	-	-	-	-	-	-	(7,372)
Total fund balances	(7,372)	458	1	377,107	68,092	-	201,708	639,994
Total liabilities and fund balances	\$ -	\$ 458	\$ 1	\$ 385,063	\$ 68,092	\$ -	\$ 201,708	\$ 655,322

CITY OF IDABEL
Combining Statement of Revenues, Expenditures and Changes in Fund Balance—Nonmajor Governmental Funds
(Modified Cash Basis)
For the Year Ended June 30, 2017

	SPECIAL REVENUE FUNDS					CAPITAL PROJECT FUND		Total-Other Governmental Funds
	Federal Nutrition	Emergency Shelter	Emergency Food & Shelter	Library	E-911	Transportation Enhancement	Special Grant Fund	
REVENUES								
Taxes	\$ 64,771	\$ -	\$ -	\$ 89,378	\$ -	\$ -	\$ -	\$ 154,149
Intergovernmental	-	-	2,501	-	-	-	364,165	366,666
Charges for services	-	-	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-	1,100	1,100
Licenses and permits	-	-	-	-	-	-	-	-
Investment income	-	-	-	365	70	-	-	435
Miscellaneous	-	-	-	50,600	-	-	19,005	69,605
Other revenue 1	-	-	-	-	-	-	-	-
Other revenue 2	-	-	-	-	-	-	-	-
Total revenues	<u>64,771</u>	<u>-</u>	<u>2,501</u>	<u>140,343</u>	<u>70</u>	<u>-</u>	<u>384,270</u>	<u>591,955</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Streets and highways	-	-	-	-	-	1	-	1
Public Safety	-	-	2,500	-	-	-	12,982	15,482
Culture and recreation	-	-	-	6,185	-	-	6,388	12,573
Cemetery	-	-	-	-	-	-	-	-
Community support	79,051	-	-	-	-	-	-	79,051
Economic development	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-
Debt Service:								
Principal	-	-	-	53,981	-	-	-	53,981
Interest and other charges	-	-	-	101,041	-	-	-	101,041
Capital Outlay	-	-	-	-	15,643	-	379,203	394,846
Total Expenditures	<u>79,051</u>	<u>-</u>	<u>2,500</u>	<u>161,207</u>	<u>15,643</u>	<u>1</u>	<u>398,573</u>	<u>656,975</u>
Excess (deficiency) of revenues over expenditures	<u>(14,280)</u>	<u>-</u>	<u>1</u>	<u>(20,864)</u>	<u>(15,573)</u>	<u>(1)</u>	<u>(14,303)</u>	<u>(65,020)</u>
OTHER FINANCING SOURCES (USES)								
Proceeds from long-term debt, net	-	-	-	-	-	-	-	-
Proceeds from capital leases	-	-	-	-	-	-	-	-
Other source	-	-	-	-	-	-	-	-
Other use - payment of loan receivable	-	-	-	-	-	-	-	-
Transfers in	11,896	-	-	-	-	-	25,000	36,896
Transfers out	-	-	-	-	-	1	-	1
Total other financing sources and uses	<u>11,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>25,000</u>	<u>36,897</u>
Proceeds from sale of land	-	-	-	-	-	-	-	-
Net change in fund balances	(2,384)	-	1	(20,864)	(15,573)	-	10,697	(28,123)
Fund balances - beginning	(4,988)	458	-	397,971	83,665	-	191,011	668,117
Fund balances - ending	<u>\$ (7,372)</u>	<u>\$ 458</u>	<u>\$ 1</u>	<u>\$ 377,107</u>	<u>\$ 68,092</u>	<u>\$ -</u>	<u>\$ 201,708</u>	<u>\$ 639,994</u>

CITY OF IDABEL
Combining Balance Sheet Schedule – IPWA Accounts
(Modified Cash Basis)
June 30, 2017

	IPWA Enterprise Fund Accounts		
	IPWA Fund	IPWA CART Maintenance	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,634,113	\$ 100,348	\$ 2,734,461
Investments	1,396,957	-	1,396,957
Restricted:			
Cash and cash equivalents	186,324	-	186,324
Due from other funds	8,285	-	8,285
Other receivables	75	-	75
Total current assets	4,225,754	100,348	4,326,102
Non-current assets:			
Restricted:			
Cash and cash equivalents	64,681	-	64,681
Investments	5,375,424	-	5,375,424
Total non-current assets	5,440,105	-	5,440,105
Total assets	9,665,859	100,348	9,766,207
LIABILITIES			
Due to depositors	211,848	-	211,848
Total liabilities	211,848	-	211,848
NET POSITION			
Restricted for debt service	4,194,048	-	4,194,048
Restricted for other purposes	1,220,533	-	1,220,533
Unrestricted	4,039,430	100,348	4,139,778
Total net position	\$ 9,454,011	\$ 100,348	\$ 9,554,359

CITY OF IDABEL
Combining Schedule of Revenues, Expenses, and Changes in Net Position – IPWA Accounts
(Modified Cash Basis)
For the Year Ended June 30, 2017

	IPWA Enterprise Fund Accounts		
	IPWA Fund	IPWA CART Maintenance Fund	Total
REVENUES			
Charges for services:			
Pledged as security:			
Water charges	\$ 1,019,420	\$ -	\$ 1,019,420
Sewer charges	697,952	-	697,952
Unpledged:			
Sanitation charges	789,751	26,760	816,511
Landfill charges	351,433	-	351,433
Water taps	6,696	-	6,696
Sewer taps	2,400	-	2,400
Penalties	52,129	-	52,129
Reconnect fees	37,780	-	37,780
Transfer fees	2,350	-	2,350
Rent income	600	-	600
Insufficient check charge	795	-	795
Miscellaneous	9,236	-	9,236
Total operating revenues	<u>2,970,542</u>	<u>26,760</u>	<u>2,997,302</u>
OPERATING EXPENSES			
Managerial	74,625	-	74,625
Water-other	638,577	-	638,577
Sanitation	645,846	7,575	653,421
Landfill	197,340	-	197,340
Lift station	87,615	-	87,615
Filter plant	373,918	-	373,918
Sewer plant	345,148	-	345,148
Sewer-other	212,601	-	212,601
Total Operating Expenses	<u>2,575,670</u>	<u>7,575</u>	<u>2,583,245</u>
Operating income (loss)	<u>394,872</u>	<u>19,185</u>	<u>414,057</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	41,294	219	41,513
Debt proceeds	4,065,000	-	4,065,000
Debt premium	140,944	-	140,944
Capital outlay	(64,525)	-	(64,525)
Debt service:			
Principal retirement	(146,183)	-	(146,183)
Interest expense	(7,566)	-	(7,566)
Debt issue cost	(201,053)	-	(201,053)
Fiscal agent fees	-	-	-
Total non-operating revenue (expenses)	<u>3,827,911</u>	<u>219</u>	<u>3,828,130</u>
Income (loss) before transfers	<u>4,222,783</u>	<u>19,404</u>	<u>4,242,187</u>
Transfers in	1,494,507	-	1,494,507
Transfers out	(773,000)	-	(773,000)
Change in net position	<u>4,944,290</u>	<u>19,404</u>	<u>4,963,694</u>
Total net position - beginning	<u>4,509,721</u>	<u>80,944</u>	<u>4,590,665</u>
Total net position - ending	<u>\$ 9,454,011</u>	<u>\$ 100,348</u>	<u>\$ 9,554,359</u>

CITY OF IDABEL
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2017

Federal/State Grantor/Pass through agency Grantor/Program Title	CFDA#	Grant #	Award Amount	Expenditures
Federal				
Department of Agriculture				
<i>Passed through the Oklahoma Department of Human Services and Kiamichi Area Nutrition Project:</i>				
Food Distribution	10.550	N/A	\$ 65,171	\$ 65,171
Department of Justice				
<i>Passed through the Oklahoma District Attorneys Council:</i>				
Justice Assistance Grant Program - Local Law Enforcement	16.738	JAG-LLE-2015-Idabel CI-001	-	-
Federal Aviation Administration				
Airport Grant - North Parallel Taxiway	20.106	3-40-0137-011-2016	326,114	186,749
Department of Transportation				
<i>Passed through the Oklahoma Department of Public Safety:</i>				
Idabel Traffic Enforcement	20.601	FAST SE-17-03-05-04	16,700	10,641
Idabel Traffic Enforcement	20.600	SE-16-03-04-03	16,100	4,144
Department of Homeland Security				
<i>Passed through the Federal Emergency Management Agency:</i>				
Emergency Food and Shelter Program	97.024	N/A	5,000	5,000
Assistance to Firefighter's Grant	97.044	EMW-2015-FO-03416	161,429	161,429
Total Federal			\$ 590,514	\$ 433,134



**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 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Idabel, Oklahoma (the "City"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 1, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hill & Company

Tulsa, Oklahoma
March 1, 2018



City of Idabel
Schedule of Findings and Responses
Year Ended June 30, 2017

**Findings Related to the Financial Statements which are required to be reported
In Accordance with *Government Auditing Standards*.**

None reported for the period ending June 30, 2017

City of Idabel
Summary of Schedule of Prior Audit Findings
Year Ended June 30, 2017

No Items Reportable.