



CITY OF IDABEL, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

THE CITY OF IDABEL, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

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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, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Idabel, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the City of Idabel's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of Idabel's management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of Idabel's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Idabel's internal control. Accordingly, we express no such opinion.

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2018 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 of Idabel'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 7 through 13 and the budgetary comparison information on pages 36 and 37 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 as a whole.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2019 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, PC

Tulsa, Oklahoma
April 8, 2019



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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, 2018. 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 \$386,200, and the assets of the City exceed its liabilities at June 30, 2018, by \$11,910,423 (net position). Of this amount, \$5,863,952 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2018, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$2,227,676.
- At the end of fiscal year 2018, unassigned fund balance on a modified cash basis for the General Fund was \$693,665, or 14.4% 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 included as an account of the General Fund*
- **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.

CITY OF IDABEL, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2018

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 Awards.

CITY OF IDABEL, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2018

THE CITY AS A WHOLE

For the year ended June 30, 2018, net position on a modified cash basis for the governmental and business-type activities increased \$386,200, or 3.4%.

**Net Position (Modified Cash Basis)
June 30, 2018**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Beginning net position	\$ 1,969,864	\$ 9,554,359	\$ 11,524,223
Change in net position	257,812	128,388	386,200
Ending net position	<u>\$ 2,227,676</u>	<u>\$ 9,682,747</u>	<u>\$ 11,910,423</u>

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

	<u>Governmental Activities</u>		<u>% Inc. (Dec.)</u>	<u>Business-type Activities</u>		<u>% Inc. (Dec.)</u>	<u>Total Primary Government</u>		<u>% Inc. (Dec.)</u>
	<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>	
Assets	\$ 2,242,908	\$ 1,986,029	13%	\$ 9,895,400	\$ 9,766,207	1%	\$ 12,138,308	\$ 11,752,236	3%
Total assets	<u>2,242,908</u>	<u>1,986,029</u>	13%	<u>9,895,400</u>	<u>9,766,207</u>	1%	<u>12,138,308</u>	<u>11,752,236</u>	3%
Liabilities	15,232	16,165	-6%	212,653	211,848	0%	227,885	228,013	0%
Total liabilities	<u>15,232</u>	<u>16,165</u>	-6%	<u>212,653</u>	<u>211,848</u>	0%	<u>227,885</u>	<u>228,013</u>	0%
Net position:									
Restricted	679,249	648,070	5%	5,367,222	5,414,581	-1%	6,046,471	6,062,651	0%
Unrestricted	1,548,427	1,321,794	17%	4,315,525	4,139,778	4%	5,863,952	5,461,572	7%
Total net position	<u>\$ 2,227,676</u>	<u>\$ 1,969,864</u>	13%	<u>\$9,682,747</u>	<u>\$9,554,359</u>	1%	<u>\$11,910,423</u>	<u>\$11,524,223</u>	3%

A portion of the City's net position, \$6,046,471, 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, 2018

Changes in Net Position (Modified Cash Basis)
Year Ended June 30, 2018

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2018	2017		2018	2017		2018	2017	
Revenues:									
Program revenues:									
Charges for services	\$ 414,717	\$ 399,439	4%	\$ 2,940,576	\$ 2,997,302	-2%	\$ 3,355,293	\$ 3,396,741	-1%
Operating grants/contributions	172,402	314,920	-45%	-	-	-	172,402	314,920	-45%
Capital grants/contributions and debt proceeds	486,900	240,747	102%	-	4,205,944	100%	486,900	4,446,691	-89%
General revenues:									
Sales and use taxes	3,784,896	3,718,887	2%	-	-	-	3,784,896	3,718,887	2%
Other taxes	409,348	346,065	18%	-	-	-	409,348	346,065	18%
Other general revenue	255,639	263,202	-3%	86,866	41,513	109%	342,505	304,715	12%
Total revenues	5,523,902	5,283,260	5%	3,027,442	7,244,759	-58%	8,551,344	12,528,019	-32%
Program expenses:									
General government	538,313	482,056	12%	-	-	-	538,313	482,056	12%
Streets	816,926	755,094	8%	-	-	-	816,926	755,094	8%
Public safety	1,987,019	2,299,713	-14%	-	-	-	1,987,019	2,299,713	-14%
Cemetery	194,151	241,669	-20%	-	-	-	194,151	241,669	-20%
Legal and judicial	54,095	57,526	-6%	-	-	-	54,095	57,526	-6%
Culture and recreation	57,925	71,814	-19%	-	-	-	57,925	71,814	-19%
Community development	205,817	221,706	-7%	-	-	-	205,817	221,706	-7%
Airport	728,749	397,933	83%	-	-	-	728,749	397,933	83%
Maintenance	60,500	64,547	-6%	-	-	-	60,500	64,547	-6%
Industrial development	118,089	118,089	0%	-	-	-	118,089	118,089	0%
Principal Retirement	129,935	133,869	-3%	-	-	-	129,935	133,869	-3%
Interest and fiscal agent fees	109,545	111,036	-1%	-	-	-	109,545	111,036	-1%
Water operations	-	-	-	1,295,423	1,263,893	2%	1,295,423	1,263,893	2%
Sewer operations	-	-	-	738,514	722,586	2%	738,514	722,586	2%
Sanitation operations	-	-	-	725,872	718,420	1%	725,872	718,420	1%
Landfill operations	-	-	-	218,161	225,775	-3%	218,161	225,775	-3%
Governmental Principal Retirement	-	-	-	62,108	66,917	-7%	62,108	66,917	-7%
Governmental Interest Expense	-	-	-	124,002	4,981	2390%	124,002	4,981	2390%
Total expenses	5,001,064	4,955,052	1%	3,164,080	3,002,572	5%	8,165,144	7,957,624	3%
Excess (deficiency) before transfers	522,838	328,208	59%	(136,638)	4,242,187	-103%	386,200	4,570,395	-92%
Net transfers in (out)	(265,026)	(721,507)	63%	265,026	721,507	-63%	-	-	-
Increase (decrease) in net position	\$ 257,812	(\$ 393,299)	166%	\$ 128,388	\$ 4,963,694	-97%	\$ 386,200	\$ 4,570,395	-92%
Net position - beginning	\$ 1,969,864	\$ 2,363,163	-17%	\$ 9,554,359	\$ 4,590,665	108%	11,524,223	\$ 6,953,828	66%
Net position - ending	\$ 2,227,676	\$ 1,969,864	13%	\$ 9,682,747	\$ 9,554,359	1%	\$ 11,910,423	\$ 11,524,223	3%

Governmental Activities

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

- Capital grants/contributions revenue increased mainly due to a \$244,000 increase in Streets and Airport grants and contributions received in 2018.
- Program expenses for General Government, Streets, and Airport had a combined increase of \$449,000, which was offset by a \$390,000 decrease in program expenses for Public Safety, Cemetery, Culture and Recreation, and Community Development.
- Net transfers out decreased mainly due to a \$200,000 transfer of CD's from the General Fund to the IPWA that occurred in 2017, but not in 2018.

CITY OF IDABEL, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2018

Net Revenue (Expense) of Governmental Activities

	Total Expense of Services		% Inc (Dec)	Net Revenue (Expense) of Services		% Inc (Dec)
	2018	2017		2018	2017	
General government	\$ 538,313	\$ 482,056	11.7%	\$ (461,691)	\$ (430,535)	7.2%
Streets	816,926	755,094	8.2%	(703,299)	(694,753)	1.2%
Public safety	1,987,019	2,299,713	-13.6%	(1,804,926)	(1,987,267)	-9.2%
Cemetery	194,151	241,669	-19.7%	(191,724)	(238,216)	-19.5%
Legal and judicial	54,095	57,526	-6.0%	(54,095)	(57,526)	-6.0%
Culture and recreation	57,925	71,814	-19.3%	(5,132)	(21,214)	-75.8%
Community development	205,817	221,706	-7.2%	(148,499)	(154,434)	-3.8%
Airport	728,749	397,933	83.1%	(139,610)	11,540	-1309.8%
Maintenance	60,500	64,547	-6.3%	(60,500)	(64,547)	-6.3%
Industrial development	118,089	118,089	0.0%	(118,089)	(118,089)	0.0%
Principal Retirement	129,935	133,869	-2.9%	(129,935)	(133,869)	-2.9%
Interest and fiscal agent fees	109,545	111,036	-1.3%	(109,545)	(111,036)	-1.3%
Total	\$5,001,064	\$4,955,052	0.9%	\$ (3,927,045)	\$ (3,999,946)	-1.8%

Business-type Activities

The business-type activities had a decrease in net position compared to the prior year increase. This is primarily due to an increase in debt service payments of \$186,000.

Net Revenue (Expense) of Business-Type Activities

	Total Expense of Services		% Inc (Dec)	Net Revenue (Expense) of Services		% Inc (Dec)
	2018	2017		2018	2017	
Water operations	\$ 1,295,423	\$ 1,263,893	2.5%	\$ (248,210)	\$ 4,004,644	-106.2%
Wastewater operations	738,514	722,586	2.2%	(12,313)	2,662	-562.5%
Sanitation operations	725,872	718,420	1.0%	116,544	127,116	-8.3%
Landfill operations	218,161	225,775	-3.4%	106,585	138,150	-22.8%
Governmental Principal Retirement	62,108	66,917	-7.2%	(62,108)	(66,917)	-7.2%
Governmental Interest Expense	124,002	4,981	2389.5%	(124,002)	(4,981)	2389.5%
Total	\$ 3,164,080	\$ 3,002,572	5.4%	\$ (223,504)	\$ 4,200,674	-105.3%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2018 fiscal year, the governmental funds reported a combined fund balance of \$2,227,676. For the year ended June 30, 2018, the General Fund's total fund balance increased by \$225,816, or 17%.

Budgetary Highlights

Total revenues exceeded the amount budgeted by \$308,625, or 7.7%, while total expenditures and transfers out were less than the amount budgeted by \$483,797, or 10.7%.

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 2019 fiscal year are each budgeted to increase approximately \$100,000.
- The IPWA revenues and expenses for the 2019 fiscal year are each budgeted to increase approximately \$641,000 for some capital projects.

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, 2018

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>IIDA Component</u> <u>Unit</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,792,434	\$ 3,362,796	\$ 5,155,230	\$ 351,781
Investments	451,200	6,524,479	6,975,679	1,013,002
Due from other governments	3,175	-	3,175	-
Other receivables	4,149	75	4,224	-
Internal Balances	(8,050)	8,050	-	-
Total Assets	<u>2,242,908</u>	<u>9,895,400</u>	<u>12,138,308</u>	<u>1,364,783</u>
LIABILITIES				
Due to other governments	2,500	-	2,500	-
Due to bondholders	12,732	-	12,732	-
Due to depositors	-	212,653	212,653	-
Total liabilities	<u>15,232</u>	<u>212,653</u>	<u>227,885</u>	<u>-</u>
NET POSITION				
Restricted for:				
Grant purposes	215,711	-	215,711	-
Cemetery	8,632	-	8,632	-
Library	383,837	-	383,837	-
E-911	66,469	-	66,469	-
Nutrition	4,141	-	4,141	-
Other purposes	459	1,284,492	1,284,951	-
Debt service	-	4,082,730	4,082,730	-
Unrestricted	1,548,427	4,315,525	5,863,952	1,364,783
Total net position	<u>\$ 2,227,676</u>	<u>\$ 9,682,747</u>	<u>\$ 11,910,423</u>	<u>\$ 1,364,783</u>

CITY OF IDABEL, OKLAHOMA
Statement of Activities
(Modified Cash Basis)
For the Year Ended June 30, 2018

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Primary Government				IIDA Component Unit
	Program Revenue			Total	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions, and Debt Proceeds	
Primary government					
Governmental Activities					
General Government	\$ 538,313	\$ 50,021	\$ 22,701	\$ 3,900	\$ (461,691)
Streets	816,926	-	67,117	46,510	(703,299)
Public Safety	1,987,019	156,827	25,266	-	(1,804,926)
Cemetery	194,151	2,427	-	-	(191,724)
Legal and judicial	54,095	-	-	-	(54,095)
Culture and Recreation	57,925	-	-	-	(54,095)
Community development	205,817	-	-	52,793	(5,132)
Airport	728,749	-	57,318	-	(148,499)
Maintenance	60,500	205,442	-	383,697	(139,610)
Industrial Development	118,089	-	-	-	(60,500)
Principal Retirement	129,935	-	-	-	(118,089)
Interest on Long-term debt	109,545	-	-	-	(129,935)
Total governmental activities	5,001,064	414,717	172,402	486,900	(3,927,045)
Business-type activities:					
Water	1,295,423	1,047,213	-	-	(248,210)
Wastewater	738,514	726,201	-	-	(12,313)
Sanitation	725,872	842,416	-	-	116,544
Landfill	218,161	324,746	-	-	106,585
Governmental Principal Retirement	62,108	-	-	-	(62,108)
Governmental Interest Expense	124,002	-	-	-	(124,002)
Total business-type activities	3,164,080	2,940,576	-	-	(223,504)
Total primary government	8,165,144	3,355,293	172,402	486,900	(4,150,549)
Component Units					
Industrial Development Authority	62,692	15,180	-	-	(47,512)
Total Component Units	62,692	15,180	-	-	(47,512)
General revenues:					
Taxes:					
Sales and use taxes				\$ 3,784,896	\$ 3,784,896
Occupation taxes				44,285	-
Hotel/motel taxes				128,644	-
Franchise taxes and public service taxes				236,419	-
Intergovernmental revenue not restricted to specific programs				176,551	-
Unrestricted investment earnings				10,520	86,866
Miscellaneous				68,568	97,386
Transfers				(265,026)	-
Total general revenues and transfers				4,184,857	4,536,749
Change in net position				257,812	386,200
Net position - beginning				1,969,864	11,524,223
Net position - ending				\$ 2,227,676	\$ 1,364,783

See accompanying notes to the basic financial statements. 15

CITY OF IDABEL, OKLAHOMA
Governmental Funds Balance Sheet
(Modified Cash Basis)
June 30, 2018

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,152,231	\$ 640,203	\$ 1,792,434
Investments	451,200	-	451,200
Due from other governments	3,175	-	3,175
Due from other funds	7,293	38,924	46,217
Other receivables	4,149	-	4,149
Total assets	<u>1,618,048</u>	<u>679,127</u>	<u>2,297,175</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other governments	2,500	-	2,500
Due to other funds	47,130	7,137	54,267
Due to bondholders	12,732	-	12,732
Total liabilities	<u>62,362</u>	<u>7,137</u>	<u>69,499</u>
Fund balances:			
Restricted for:			
Grant purposes	-	215,711	215,711
Cemetery capital improvements	8,632	-	8,632
Library	-	383,837	383,837
E-911	-	66,469	66,469
Nutrition	-	4,141	4,141
Emergency food & shelter program	-	459	459
Assigned to:			
Next year's budget	450,000	-	450,000
Cemetery	243,636	-	243,636
Airport	146,150	-	146,150
Police	13,603	-	13,603
E-911	-	1,698	1,698
Library	-	7,047	7,047
Unassigned (deficit)	693,665	(7,372)	686,293
Total fund balances	<u>1,555,686</u>	<u>671,990</u>	<u>2,227,676</u>
Total liabilities and fund balances	<u>\$ 1,618,048</u>	<u>\$ 679,127</u>	<u>\$ 2,297,175</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, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 4,076,292	\$ 185,962	\$ 4,262,254
Intergovernmental	276,494	449,987	726,481
Charges for services	212,958	-	212,958
Fees and fines	156,192	-	156,192
Licenses and permits	39,329	-	39,329
Investment earnings	10,091	429	10,520
Miscellaneous:			
Donations	-	55,025	55,025
Other	61,143	-	61,143
Total revenues	<u>4,832,499</u>	<u>691,403</u>	<u>5,523,902</u>
EXPENDITURES			
Current:			
General government	440,791	-	440,791
Streets and highways	739,137	1	739,138
Public Safety	2,039,439	19,284	2,058,723
Cemetery	194,151	-	194,151
Legal and judicial	54,095	-	54,095
Culture and recreation	37,899	20,941	58,840
Community support	128,744	77,073	205,817
Airport	265,137	-	265,137
Maintenance	61,599	-	61,599
Industrial development	118,089	-	118,089
Capital Outlay	127,420	437,784	565,204
Debt Service:			
Principal	71,925	58,010	129,935
Interest and other charges	12,555	96,990	109,545
Total Expenditures	<u>4,290,981</u>	<u>710,083</u>	<u>5,001,064</u>
Excess (deficiency) of revenues over expenditures	<u>541,518</u>	<u>(18,680)</u>	<u>522,838</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	983,825	50,675	1,034,500
Transfers out	(1,299,527)	1	(1,299,526)
Total other financing sources and uses	<u>(315,702)</u>	<u>50,676</u>	<u>(265,026)</u>
Net change in fund balances	225,816	31,996	257,812
Fund balances - beginning	<u>1,329,870</u>	<u>639,994</u>	<u>1,969,864</u>
Fund balances - ending	<u>\$ 1,555,686</u>	<u>\$ 671,990</u>	<u>\$ 2,227,676</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, 2018

	<u>Idabel Public Works Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,110,439
Investments	1,196,961
Restricted:	
Cash and cash equivalents	186,531
Due from other funds	8,050
Other receivables	75
Total current assets	<u>4,502,056</u>
Non-current assets:	
Restricted:	
Cash and cash equivalents	65,826
Investments	<u>5,327,518</u>
Total non-current assets	<u>5,393,344</u>
Total assets	<u><u>9,895,400</u></u>
LIABILITIES	
Non-current liabilities:	
Due to depositors	<u>212,653</u>
Total non-current liabilities	<u>212,653</u>
Total liabilities	<u>212,653</u>
NET POSITION	
Restricted for debt service	4,082,730
Restricted for other purposes	1,284,492
Unrestricted	<u>4,315,525</u>
Total net position	<u><u>\$ 9,682,747</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, 2018

	<u>Idabel Public Works Authority</u>
REVENUES	
Water	\$ 1,002,555
Sewer	698,911
Sanitation	814,355
Landfill	313,959
Water taps	9,775
Sewer taps	3,100
Penalties	48,833
Reconnect fees	39,005
Transfer fees	1,550
Insufficient check charges	804
Miscellaneous	7,729
Total operating revenues	<u>2,940,576</u>
OPERATING EXPENSES	
Managerial	74,570
Water	612,915
Sanitation	648,391
Landfill	209,090
Lift station	105,961
Filter plant	367,132
Sewer plant	299,923
Sewer-other	213,177
Total Operating Expenses	<u>2,531,159</u>
Operating income	<u>409,417</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	86,866
Capital outlay	(365,952)
Debt service:	
Principal retirement	(141,939)
Interest expense	(125,030)
Total non-operating revenue (expenses)	<u>(546,055)</u>
Income (loss) before transfers	(136,638)
Transfers in	1,238,026
Transfers out	(973,000)
Change in net position	128,388
Total net position - beginning	9,554,359
Total net position - ending	<u><u>\$ 9,682,747</u></u>

CITY OF IDABEL, OKLAHOMA
Proprietary Fund Statement of Cash Flows
(Modified Cash Basis)
For the Year Ended June 30, 2018

	<u>Idabel Public</u> <u>Works Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,940,576
Payments to suppliers	(1,307,152)
Payments to employees	(1,223,772)
Receipts of customer meter deposits	29,190
Refunds of customer meter deposits	(28,385)
Net cash provided by operating activities	<u>410,457</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	1,238,026
Transfers to other funds	(973,000)
Net cash provided by noncapital financing activities	<u>265,026</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(365,952)
Principal paid on debt	(141,939)
Interest and fiscal agent fees paid on debt	(125,030)
Net cash provided by (used in) capital and related financing activities	<u>(632,921)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	247,902
Interest and dividends	86,866
Net cash provided by investing activities	<u>334,768</u>
Net increase (decrease) in cash and cash equivalents	377,330
Balances - beginning of year	<u>2,985,466</u>
Balances - end of year	<u><u>\$ 3,362,796</u></u>
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	3,110,439
Restricted cash and cash equivalents - current	186,531
Restricted cash and cash equivalents - noncurrent	65,826
Total cash and cash equivalents, end of year	<u><u>3,362,796</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 409,417
Change in assets and liabilities:	
Due from other funds	235
Deposits subject to refund	805
Net cash provided by operating activities	<u><u>\$ 410,457</u></u>

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

The City of Idabel, Oklahoma (the City)

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

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

The Idabel Public Works Authority (Authority)

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

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

The McCurtain County Regional Airport Authority

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

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, 2018, 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, 2018, 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.

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2018

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, 2018, the City recognized \$97,386 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, 2018, the primary government held the following deposits and investments:

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2018

<u>Type</u>	<u>Carrying Value</u>	<u>Credit Rating</u>	<u>Maturity Date</u>	<u>Market Value</u>
<i>Deposits:</i>				
Demand deposits	\$ 5,155,230	N/A	N/A	N/A
Time deposits	3,082,653	N/A	Due within one year	N/A
<i>Investments</i>				
Federated Treasury Obligations Fund	\$ 3,893,026	N/A	N/A	N/A
Total Deposits and Investments	<u><u>\$ 12,130,909</u></u>			

Reconciliation to Statement of Net Position:

Cash and cash equivalents	\$ 5,155,230
Investments	<u>6,975,679</u>
	<u><u>\$ 12,130,909</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, 2018, 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, 2018, the City held no such investments.

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2018

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, 2018, 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, 2018 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	\$ -	\$ 65,826	\$ 150,000
Landfill Reserve	-	-	1,284,492
Trustee Accounts	186,531	-	3,893,026
Total	<u>\$ 186,531</u>	<u>\$ 65,826</u>	<u>\$ 5,327,518</u>

Component Unit—Idabel Industrial Development Authority (IIDA)

For the year ended June 30, 2018, the IIDA recognized \$15,485 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, 2018, the IIDA held the following deposits and investments:

<u>Type</u>	<u>Carrying Value</u>	<u>Credit Rating</u>	<u>Maturity Date</u>	<u>Market Value</u>
<i>Deposits:</i>				
Demand deposits	\$ 351,781	N/A	N/A	N/A
Time deposits	1,013,002	N/A	Due within one year	N/A
Total Deposits	<u>\$ 1,364,783</u>			
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 351,781			
Investments	1,013,002			
	<u>\$ 1,364,783</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, 2018, 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, 2018, 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, 2018, was \$212,653.

6. Notes Receivable

Component Unit

The Idabel Industrial Development Authority had two notes outstanding as of June 30, 2018. These notes are summarized as follows:

McCurtain County Memorial Hospital

On July 17, 2017, the Authority collected the one single payment of \$225,000 from McCurtain County Hospital for the short-term loan advanced on June 19, 2017. On August 15, 2017 the Authority made an additional short-term loan for \$200,000 to McCurtain County Memorial Hospital, which was subsequently collected in one single payment on January 25, 2018, at an interest rate of 0%, from the Hospital.

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, 2018

	Balance 6/30/2017	Additions	Deductions	Balance 6/30/2018	Due Within One Year
McCurtain County Memorial Hospital	\$ 225,000	\$ 200,000	\$ (425,000)	\$ -	\$ -
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>\$ 225,000</u>	<u>\$ 200,000</u>	<u>\$ (425,000)</u>	<u>\$ -</u>	<u>\$ -</u>

7. Internal and Interfund Balances and Transfers

Internal balances between funds and activities for the year ended June 30, 2018 were as follows:

Balances

Due From	Due To	Amount	Nature of Balance
General Fund	Cemetery Account	\$ 4,688	CD Interest deposited to Gen Fund in error
General Fund	IPWA	913	Miscellaneous reimbursement
General Fund	Library Fund	38,924	Hotel/Motel Tax Revenue
General Fund	Fuel Farm Account	2,050	Hangar Rent/Fuel Revenue
General Fund	LETN Account	555	Youth ACT revenue
Federal Nutrition	IPWA	7,137	Cover negative cash balance in Federal Nutrition Fund
		<u>\$ 54,267</u>	

Reconciliation to Fund Financial Statements and Statement of Net Position:

	Due From	Due To	Net Balances
Governmental Funds	\$ 46,217	\$ (54,267)	\$ (8,050)
Proprietary Funds	8,050	-	8,050
Total	<u>\$ 54,267</u>	<u>\$ (54,267)</u>	<u>\$ -</u>

Transfers

Transfer From	Transfer To	Amount	Purpose of Transfer
MCRA Fuel Farm	IPWA	\$ 36,829	Debt service payment
IPWA	General Fund	973,000	Return of unused of Sales Tax
General Fund	MCRA Fuel Farm	10,825	Transfer of Hangar Rent/Fuel Sales Re
General Fund	Federal Nutrition	25,675	Operating Subsidy
General Fund	Special Grant Fund	25,000	Transfer of Capital Outlay
General Fund	IPWA	1,201,197	Transfer of Sales Tax
		<u>\$ 2,272,526</u>	

Reconciliation to Fund & Government Wide Financial Statements:

	Transfers In	Transfers Out	Net Transfers per SRECNA	Net Transfers per SOA
Governmental Funds	\$ 1,034,500	\$ (1,299,526)	\$ (265,026)	\$ (265,026)
Proprietary Funds	1,238,026	(973,000)	265,026	265,026
Total	<u>\$ 2,272,526</u>	<u>\$ (2,272,526)</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, 2018

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 13% 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 13% 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 \$1,706,101 in 2018.

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
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%
2018	55,326	204,732	2018	57,509	100%	2018	81,487	100%

10. Commitments and Contingencies

Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2018, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year
Governmental Activities:					
Notes payable	\$ 2,161,261	\$ -	\$ 58,010	\$ 2,103,251	\$ 2,103,251
Capital lease payable	363,353	-	78,704	284,649	58,816
Total Governmental Activities	<u>\$ 2,524,614</u>	<u>\$ -</u>	<u>\$ 136,714</u>	<u>\$ 2,387,900</u>	<u>\$ 2,162,067</u>
Business-Type Activities:					
Notes Payable	\$ 4,135,430	\$ -	\$ 34,681	\$ 4,100,749	\$ 110,749
Capital lease payable	70,192	245,302	107,413	208,081	61,010
Total Business-Type Activities	<u>\$ 4,205,622</u>	<u>\$ 245,302</u>	<u>\$ 142,094</u>	<u>\$ 4,308,830</u>	<u>\$ 171,759</u>
Total Long-Term Debt	<u>\$ 6,730,236</u>	<u>\$ 245,302</u>	<u>\$ 278,808</u>	<u>\$ 6,696,730</u>	<u>\$ 2,333,826</u>

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2018

Governmental activities:

At June 30, 2018, 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.

	\$	2,103,251
Total Notes Payable	\$	<u>2,103,251</u>
Current portion		2,103,251
Noncurrent portion		-
Total Notes Payable	\$	<u>2,103,251</u>

Capital Lease Obligations:

\$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.

38,512

\$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.

246,137

Total Capital Leases Payable	\$	<u>284,649</u>
Current portion		58,816
Non-Current portion		<u>225,833</u>
Total Capital Leases Payable	\$	<u>284,649</u>

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2018

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, 2018, 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.

\$ 35,749

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	\$	4,100,749
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Current portion		110,749
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Noncurrent portion		3,990,000
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Total Notes Payable	\$	4,100,749
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Capital Lease Obligations:

\$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.

\$ 15,183

\$245,302 lease obligation for the purchase of a 2018 Mack Truck, payable in five annual installments of \$52,404, with an annual interest rate of 2.35%, and final payment due September 2021.

\$ 192,898

Total Capital Lease Payable	\$	208,081
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Current portion		61,010
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Noncurrent portion		147,071
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Total Capital Lease Payable	\$	208,081
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Due to Depositors:

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

212,653

Noncurrent Portion of Due to Depositors	\$	212,653
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CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2018

Conduit Debt—2013 Series Revenue Bonds—On November 5, 2013, the Idabel Public Works Authority issued School Support Revenue Bonds, Series 2013, in the amount of \$1,155,000 for the purpose of acquiring, constructing, renovating, furnishing, and equipping education facilities in Idabel, Oklahoma. Payments due with respect to the Series 2013 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 2013 bonds. The 2013 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 2013 Bonds as it becomes due, during the lease term, and to pay to the Authority the principal of the Series 2013 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, 2018 was \$970,000.

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

		Governmental Activities			
<u>Year Ending June 30, 2018</u>		Notes Payable		Capital Lease Obligations	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019		\$ 2,103,251	\$ 94,561	\$ 58,816	\$ 10,462
2020		-	-	21,087	8,539
2021		-	-	21,947	7,679
2022		-	-	22,818	6,807
2023		-	-	23,724	5,902
2024-2028		-	-	133,499	14,629
2029		-	-	2,759	22
Totals		<u>\$ 2,103,251</u>	<u>\$ 94,561</u>	<u>\$ 284,649</u>	<u>\$ 54,041</u>

		Business Type Activities			
<u>Year Ending June 30, 2018</u>		Notes Payable		Capital Lease Obligation	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019		\$ 110,749	\$ 147,546	\$ 61,010	\$ 6,822
2020		80,000	143,550	47,389	5,015
2021		80,000	140,190	49,005	3,399
2022		85,000	137,150	50,677	1,727
2023		90,000	133,900	-	-
2024-2028		490,000	619,945	-	-
2029-2033		600,000	511,150	-	-
2034-2038		715,000	395,089	-	-
2039-2043		845,000	262,029	-	-
2044-2048		1,005,000	95,622	-	-
Totals		<u>\$ 4,100,749</u>	<u>\$ 2,586,171</u>	<u>\$ 208,081</u>	<u>\$ 16,963</u>

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2018

Landfill Closure and Post-Closure Requirements

At June 30, 2017, the Idabel Public Works Authority had \$1,284,492 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 \$466,327 for closure and \$807,883 for post-closure with the total amount of \$1,274,210. This amount is based upon what it would cost to perform all closure and post-closure care in 2018. 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, 2018, is \$115,490 for the General Fund and \$22,405 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 2018, the City's involvement in federal award programs was significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City was aware of no such pending audits as of the date of the balance sheet.

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, 2018, the City reported a fund balance deficit of \$3,231 in the Federal Nutrition Fund.

CITY OF IDABEL
 Budgetary Comparison Schedule
 (Budgetary Basis)
 For the Year Ended June 30, 2018

General Fund	Budgeted Amounts		Actual Amounts,	Variance with
	Original	Final	Budgetary Basis	Final Budget - Positive (Negative)
Beginning Budgetary Fund Balance:	520,295	520,295	871,538	\$ 351,243
RESOURCES (INFLOWS):				
Taxes	2,747,500	2,747,500	2,816,064	\$ 68,564
Intergovernmental	179,000	179,000	276,494	97,494
Charges for services	500	500	635	135
Fees and fines	116,000	116,000	156,192	40,192
Licenses and permits	101,700	101,700	39,329	(62,371)
Investment earnings	5,000	5,000	8,796	3,796
Miscellaneous	81,400	81,400	58,643	(22,757)
Other Financing Sources - Transfers In	773,000	773,000	973,000	200,000
Total Resources	4,004,100	4,004,100	4,329,153	325,053
Amounts available for appropriation	4,524,395	4,524,395	5,200,691	676,296
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
<i>Departmental:</i>				
<i>General Government:</i>				
City manager	98,285	98,285	86,537	11,748
City clerk	226,300	226,300	202,310	23,990
General government	175,642	175,642	99,114	76,528
Ordinance code inspector	65,050	65,050	47,384	17,666
<i>Street:</i>				
Street	843,250	843,250	791,499	51,751
<i>Public Safety:</i>				
Police	1,520,525	1,520,525	1,448,407	72,118
Fire	699,050	699,050	665,042	34,008
<i>Cemetery</i>	210,500	210,500	191,336	19,164
<i>Legal and Judicial:</i>				
City Judge	38,980	38,980	37,793	1,187
City Attorney	32,700	32,700	16,302	16,398
<i>Culture and Recreation:</i>				
Library	39,254	39,254	31,873	7,381
Parks	56,000	56,000	6,026	49,974
<i>Community Support:</i>				
Nutrition	130,360	130,360	121,954	8,406
Senior Citizen	61,350	61,350	16,036	45,314
<i>Airport</i>	133,450	133,450	114,851	18,599
<i>Maintenance</i>	75,010	75,010	62,473	12,537
<i>Industrial Development</i>	118,689	118,689	118,089	600
Total Charges to Appropriations	4,524,395	4,524,395	4,057,026	467,369
Excess (deficiency) of revenues over expenditures	(520,295)	(520,295)	272,127	792,422
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 1,143,665	\$ 1,143,665

(UNAUDITED)

CITY OF IDABEL
 Budgetary Comparison Schedule
 (Budgetary Basis)
 For the Year Ended June 30, 2018

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	\$ 4,832,499	\$ (1,262,698)	\$ (4,567)	\$ (205,442)	\$ (3,639)	\$ 3,356,153
Transfers in	983,825	-	-	(10,825)	-	973,000
Fund balance, beginning	1,329,870	-	(10,239)	(196,649)	(251,444)	871,538
Total Revenues and Other Financing Sources	<u>7,146,194</u>	<u>(1,262,698)</u>	<u>(14,806)</u>	<u>(412,916)</u>	<u>(255,083)</u>	<u>5,200,691</u>
Charges to Appropriations (Outflows):						
Total Expenditures	4,290,981	-	(1,203)	(229,937)	(2,815)	4,057,026
Transfers Out	1,299,527	(1,262,698)	-	(36,829)	-	-
Total Expenditures and Other Financing Uses	<u>5,590,508</u>	<u>(1,262,698)</u>	<u>(1,203)</u>	<u>(266,766)</u>	<u>(2,815)</u>	<u>4,057,026</u>
Ending Fund Balance	<u>\$ 1,555,686</u>	<u>\$ -</u>	<u>\$ (13,603)</u>	<u>\$ (146,150)</u>	<u>\$ (252,268)</u>	<u>\$ 1,143,665</u>

(UNAUDITED)

CITY OF IDABEL
Combining Balance Sheet Schedule – General Fund Accounts
(Modified Cash Basis)
June 30, 2018

	<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	\$ 797,743	\$ 13,048	\$ 144,100	\$ 197,340	\$ 1,152,231
Investments	400,960	-	-	50,240	451,200
Due from other governments	3,175	-	-	-	3,175
Due from other funds	-	555	2,050	4,688	7,293
Total assets	<u>1,206,027</u>	<u>13,603</u>	<u>146,150</u>	<u>252,268</u>	<u>1,618,048</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other governments	2,500	-	-	-	2,500
Due to other funds	47,130	-	-	-	47,130
Due to bondholders	<u>12,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,732</u>
Total liabilities	<u>62,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,362</u>
FUND BALANCES					
Restricted for:					
Cemetery	-	-	-	8,632	8,632
Assigned to:					
Next year's budget	450,000	-	-	-	450,000
Cemetery	-	-	-	243,636	243,636
Airport	-	-	146,150	-	146,150
Police	-	13,603	-	-	13,603
Unassigned	<u>693,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>693,665</u>
Total fund balances	<u>1,143,665</u>	<u>13,603</u>	<u>146,150</u>	<u>252,268</u>	<u>1,555,686</u>
Total liabilities and fund balances	<u>\$ 1,206,027</u>	<u>\$ 13,603</u>	<u>\$ 146,150</u>	<u>\$ 252,268</u>	<u>\$ 1,618,048</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, 2018

	<u>General Fund</u>	<u>LETN</u>	<u>MCRA Fuel Farm</u>	<u>Cemetery Maintenance</u>	<u>Total General Fund</u>
REVENUES					
Taxes	\$ 4,076,292	\$ -	\$ -	\$ -	\$ 4,076,292
Intergovernmental	276,494	-	-	-	276,494
Charges for services	635	4,554	205,442	2,327	212,958
Fees and fines	156,192	-	-	-	156,192
Licenses and permits	39,329	-	-	-	39,329
Investment income	8,866	13	-	1,212	10,091
Miscellaneous	61,043	-	-	100	61,143
Total revenues	<u>4,618,851</u>	<u>4,567</u>	<u>205,442</u>	<u>3,639</u>	<u>4,832,499</u>
EXPENDITURES					
General government	440,791	-	-	-	440,791
Streets and highways	739,137	-	-	-	739,137
Public Safety	2,038,236	1,203	-	-	2,039,439
Cemetery	191,336	-	-	2,815	194,151
Legal and judicial	54,095	-	-	-	54,095
Culture and recreation	37,899	-	-	-	37,899
Community support	128,744	-	-	-	128,744
Airport	100,879	-	164,258	-	265,137
Maintenance	61,599	-	-	-	61,599
Industrial development	118,089	-	-	-	118,089
Capital Outlay	61,741	-	65,679	-	127,420
Debt Service:					
Principal	71,925	-	-	-	71,925
Interest and other charges	12,555	-	-	-	12,555
Total Expenditures	<u>4,057,026</u>	<u>1,203</u>	<u>229,937</u>	<u>2,815</u>	<u>4,290,981</u>
Excess (deficiency) of revenues over expenditures	<u>561,825</u>	<u>3,364</u>	<u>(24,495)</u>	<u>824</u>	<u>541,518</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	973,000	-	10,825	-	983,825
Transfers out	(1,262,698)	-	(36,829)	-	(1,299,527)
Total other financing sources and uses	<u>(289,698)</u>	<u>-</u>	<u>(26,004)</u>	<u>-</u>	<u>(315,702)</u>
Net change in fund balances	272,127	3,364	(50,499)	824	225,816
Fund balances - beginning	871,538	10,239	196,649	251,444	1,329,870
Fund balances - ending	<u>\$ 1,143,665</u>	<u>\$ 13,603</u>	<u>\$ 146,150</u>	<u>\$ 252,268</u>	<u>\$ 1,555,686</u>

CITY OF IDABEL
Combining Balance Sheet—Nonmajor Governmental Funds
(Modified Cash Basis)
June 30, 2018

	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	\$ 3,906	\$ 458	\$ 1	\$ 351,960	\$ 68,167	\$ -	\$ 215,711	\$ 640,203	
Due from other funds	-	-	-	38,924	-	-	-	38,924	
Total assets	<u>3,906</u>	<u>458</u>	<u>1</u>	<u>390,884</u>	<u>68,167</u>	<u>-</u>	<u>215,711</u>	<u>679,127</u>	
LIABILITIES AND FUND BALANCES									
Liabilities:									
Due to other funds	7,137	-	-	-	-	-	-	7,137	
Total liabilities	<u>7,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,137</u>	
FUND BALANCES									
Restricted for:									
Library	-	-	-	383,837	-	-	-	383,837	
E-911	-	-	-	-	66,469	-	-	66,469	
Grant purposes	-	-	-	-	-	-	215,711	215,711	
Nutrition	4,141	-	-	-	-	-	-	4,141	
Emergency food & shelter program	-	458	1	-	-	-	-	459	
Assigned to:									
E-911	-	-	-	-	1,698	-	-	1,698	
Library	-	-	-	7,047	-	-	-	7,047	
Unassigned (deficit)	(7,372)	-	-	-	-	-	-	(7,372)	
Total fund balances	<u>(3,231)</u>	<u>458</u>	<u>1</u>	<u>390,884</u>	<u>68,167</u>	<u>-</u>	<u>215,711</u>	<u>671,990</u>	
Total liabilities and fund balances	<u>\$ 3,906</u>	<u>\$ 458</u>	<u>\$ 1</u>	<u>\$ 390,884</u>	<u>\$ 68,167</u>	<u>\$ -</u>	<u>\$ 215,711</u>	<u>\$ 679,127</u>	

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, 2018

	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	\$ 57,318	\$ -	\$ -	\$ 128,644	\$ -	\$ -	\$ -	\$ 185,962
Intergovernmental	-	-	8,743	-	-	-	441,244	449,987
Investment income	-	-	-	354	75	-	-	429
Miscellaneous	-	-	-	46,500	-	-	8,525	55,025
Total revenues	57,318	-	8,743	175,498	75	-	449,769	691,403
EXPENDITURES								
Current:								
Streets and highways	-	-	-	-	-	1	-	1
Public Safety	-	-	8,743	-	-	-	10,541	19,284
Culture and recreation	-	-	-	6,721	-	-	14,220	20,941
Community support	77,073	-	-	-	-	-	-	77,073
Debt Service:								
Principal	-	-	-	58,010	-	-	-	58,010
Interest and other charges	-	-	-	96,990	-	-	-	96,990
Capital Outlay	-	-	-	-	-	-	437,784	437,784
Total Expenditures	77,073	-	8,743	161,721	-	1	462,545	710,083
Excess (deficiency) of revenues over expenditures	(19,755)	-	-	13,777	75	(1)	(12,776)	(18,680)
OTHER FINANCING SOURCES (USES)								
Transfers in	23,896	-	-	-	-	-	26,779	50,675
Transfers out	-	-	-	-	-	1	-	1
Total other financing sources and uses	23,896	-	-	-	-	1	26,779	50,676
Net change in fund balances	4,141	-	-	13,777	75	-	14,003	31,996
Fund balances - beginning	(7,372)	458	1	377,107	68,092	-	201,708	639,994
Fund balances - ending	(3,231)	458	1	390,884	68,167	-	215,711	671,990
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF IDABEL
Combining Balance Sheet Schedule – IPWA Accounts
(Modified Cash Basis)
June 30, 2018

	IPWA Enterprise Fund Accounts		
	IPWA Fund	IPWA CART Maintenance	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,002,109	\$ 108,330	\$ 3,110,439
Investments	1,196,961	-	1,196,961
Restricted:			
Cash and cash equivalents	186,531	-	186,531
Due from other funds	8,050	-	8,050
Other receivables	75	-	75
Total current assets	<u>4,393,726</u>	<u>108,330</u>	<u>4,502,056</u>
Non-current assets:			
Restricted:			
Cash and cash equivalents	65,826	-	65,826
Investments	<u>5,327,518</u>	<u>-</u>	<u>5,327,518</u>
Total non-current assets	<u>5,393,344</u>	<u>-</u>	<u>5,393,344</u>
Total assets	<u>9,787,070</u>	<u>108,330</u>	<u>9,895,400</u>
LIABILITIES			
Due to depositors	<u>212,653</u>	<u>-</u>	<u>212,653</u>
Total liabilities	<u>212,653</u>	<u>-</u>	<u>212,653</u>
NET POSITION			
Restricted for debt service	4,082,730	-	4,082,730
Restricted for other purposes	1,284,492	-	1,284,492
Unrestricted	<u>4,207,195</u>	<u>108,330</u>	<u>4,315,525</u>
Total net position	<u>\$ 9,574,417</u>	<u>\$ 108,330</u>	<u>\$ 9,682,747</u>

CITY OF IDABEL
Combining Schedule of Revenues, Expenses, and Changes in Net Position – IPWA Accounts
(Modified Cash Basis)
For the Year Ended June 30, 2018

	IPWA Enterprise Fund Accounts		
	IPWA Fund	IPWA CART Maintenance Fund	Total
REVENUES			
Charges for services:			
Water charges	\$ 1,002,555	\$ -	\$ 1,002,555
Sewer charges	698,911	-	698,911
Sanitation charges	787,595	26,760	814,355
Landfill charges	313,959	-	313,959
Water taps	9,775	-	9,775
Sewer taps	3,100	-	3,100
Penalties	48,833	-	48,833
Reconnect fees	39,005	-	39,005
Transfer fees	1,550	-	1,550
Insufficient check charge	804	-	804
Miscellaneous	7,729	-	7,729
Total operating revenues	<u>2,913,816</u>	<u>26,760</u>	<u>2,940,576</u>
OPERATING EXPENSES			
Managerial	74,570	-	74,570
Water-other	612,915	-	612,915
Sanitation	629,396	18,995	648,391
Landfill	209,090	-	209,090
Lift station	105,961	-	105,961
Filter plant	367,132	-	367,132
Sewer plant	299,923	-	299,923
Sewer-other	213,177	-	213,177
Total Operating Expenses	<u>2,512,164</u>	<u>18,995</u>	<u>2,531,159</u>
Operating income	<u>401,652</u>	<u>7,765</u>	<u>409,417</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	86,649	217	86,866
Capital outlay	(365,952)	-	(365,952)
Debt service:			
Principal retirement	(141,939)	-	(141,939)
Interest expense	(125,030)	-	(125,030)
Total non-operating revenue (expenses)	<u>(546,272)</u>	<u>217</u>	<u>(546,055)</u>
Income (loss) before transfers	<u>(144,620)</u>	<u>7,982</u>	<u>(136,638)</u>
Transfers in	1,238,026	-	1,238,026
Transfers out	(973,000)	-	(973,000)
Change in net position	<u>120,406</u>	<u>7,982</u>	<u>128,388</u>
Total net position - beginning	<u>9,454,011</u>	<u>100,348</u>	<u>9,554,359</u>
Total net position - ending	<u>\$ 9,574,417</u>	<u>\$ 108,330</u>	<u>\$ 9,682,747</u>
Ending Net Position at 06.30.17 per audit report	9,454,011	100,348	9,554,359

CITY OF IDABEL
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal/Pass through agency Grantor/Program Title	CFDA#	Grant #	Award Amount	Expenditures
Federal				
<i>Department of Agriculture</i>				
<i>Passed through the Oklahoma Department of Human Services and Kiamichi Area Nutrition Project:</i>				
Food Distribution	10.550	N/A	\$ 63,287	\$ 63,287
<i>Department of Justice</i>				
<i>Passed through the Oklahoma District Attorneys Council:</i>				
Violence Against Women Act (VAWA)	16.588	2017/18-VAWA-Idabel-CI-00026	\$ 100,000	22,035
<i>Department of Transportation - Federal Aviation Administration</i>				
Airport Grant - North Parallel Taxiway	20.106	3-40-0137-011-2016	326,114	133,533
Airport Grant - North Parallel Taxiway	20.106	3-40-0137-011-2017	63,445	52,867
Subtotal 20.106			389,559	186,400
<i>Department of Transportation</i>				
<i>Passed through the Oklahoma Highway Safety Office:</i>				
Idabel Traffic Enforcement	20.600	SE-17-03-05-04	16,700	4,289
Idabel Traffic Enforcement	20.600	PT-18-03-11-05	17,550	10,989
Subtotal 20.600			34,250	15,278
<i>Department of Homeland Security</i>				
<i>Passed through the Federal Emergency Management Agency:</i>				
Emergency Food and Shelter Program	97.024	Phase 34	6,243	6,243
Flood Relief	97.036	PA-4256	54,262	46,510
Total Federal			\$ 647,601	\$ 339,753



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

Honorable Mayor and City Council
City of Idabel
Idabel, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States 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, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Idabel as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the City of Idabel's basic financial statements and have issued our report thereon dated April 8, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Idabel's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Idabel's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 of Idabel'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 of Idabel's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hill & Company, PC

Tulsa, Oklahoma
April 8, 2019



City of Idabel
Schedule of Findings and Responses
Year Ended June 30, 2018

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

None reported for the period ended June 30, 2018



City of Idabel
Summary of Schedule of Prior Audit Findings
Year Ended June 30, 2018

None reported for the period ended June 30, 2017.

