CITY OF IDABEL, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

THE CITY OF IDABEL, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the City Council City of Idabel, Oklahoma

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely component units, each major fund, and the aggregate remaining fund information of the City of Idabel, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described 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.

Auditor's 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 auditor's 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Idabel, Oklahoma, as of June 30, 2019, and the respective changes in modified cash basis financial position and cash flows where applicable in accordance with the modified cash basis of accounting as 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 opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Idabel, Oklahoma's basic financial statements. The management's discussion and analysis (pages 7-13), the budgetary comparison information (page 36-37), the combining and non-major fund financial statement-modified cash basis (pages 38-43) and the schedule of federal awards information (page 44) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements—modified cash basis and the federal and state awards information 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 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements—modified cash basis and the federal and state awards information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The management's discussion and analysis and the budgetary comparison information has 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 15, 2020, on our consideration of the City of Idabel, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Idabel, Oklahoma's 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 City of Idabel, Oklahoma's internal control over financial reporting and compliance.

HBC CPA: + Advinn

Oklahoma City, Oklahoma May 15, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2019. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City's total net position decreased by \$3,066,765, while the assets of the City exceed its liabilities at June 30, 2019, by \$8,843,658 (net position). Of this amount, \$5,666,928 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2019, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$2,399,971.
- At the end of fiscal year 2019, unassigned fund balance on a modified cash basis for the General Fund was \$723,841, or 14.5% of General Fund revenues.

ABOUT THE CITY

The City of Idabel is an incorporated municipality with a population of approximately 7,000 located in McCurtain County in southeastern Oklahoma. The City is an aldermanic form of government. Under this form of government, the City is governed by the Mayor and a four-member City Council and operates under state law and City ordinances through the three branches of democratic government:

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

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

The City's Financial Reporting Entity

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

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

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

- The Idabel Public Works Authority (IPWA) public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, and sanitation services of the City, with the City Council members serving as the trustees considered part of the primary government presentation for reporting purposes as a blended component unit
- The McCurtain County Regional Airport Authority (MCRA) public trust created pursuant to 60 O.S. § 176 to provide airports, aerodromes, landing fields for aircraft and related services and facilities of the City, with the City Council members serving as the trustees – *considered part of the primary government presentation for reporting purposes as a blended component unit 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.

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 Expenditures of Federal Awards.

THE CITY AS A WHOLE

For the year ended June 30, 2019, net position on a modified cash basis for the governmental and business-type activities decreased \$3,066,765, or 25.7%.

Net Position (Modified Cash Basis) June 30, 2019

	Governmental Activities			siness-type Activities	Total				
Beginning net position Change in net position	\$	2,227,676 172,295	\$	9,682,747 (3,239,060)	\$	11,910,423 (3,066,765)			
Ending net position	\$	2,399,971	\$	6,443,687	\$	8,843,658			

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

	Govern Activ		% Inc. (Dec.)		ess-type vities	% Inc. (Dec.)	To Primary G	% Inc. (Dec.)	
	2019	2018		2019	2018		2019	2018	-
Assets	\$ 2,413,962	\$ 2,242,908	8%	\$ 6,654,723	\$ 9,895,400	-33%	\$ 9,068,685	\$ 12,138,308	-25%
Total assets	2,413,962	2,242,908	8%	6,654,723	9,895,400	-33%	9,068,685	12,138,308	-25%
Liabilities	13,991	15,232	-8%	211,036	212,653	-1%	225,027	227,885	-1%
Total liabilities	13,991	15,232	-8%	211,036	212,653	-1%	225,027	227,885	-1%
Net position:									
Restricted	831,551	679,249	22%	2,345,179	5,367,222	-56%	3,176,730	6,046,471	-47%
Unrestricted	1,568,420	1,548,427	1%	4,098,508	4,315,525	-5%	5,666,928	5,863,952	-3%
Total net position	\$ 2,399,971	\$ 2,227,676	8%	\$6,443,687	\$9,682,747	-33%	\$8,843,658	\$11,910,423	-26%

A portion of the City's net position, \$3,176,730, 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, 2019

Changes in Net Position (Modified Cash Basis)

		rnmental	% Inc.	Busines	••	% Inc.			% Inc.
-	Ac	tivities	(Dec.)	Activ	nues	(Dec.)	Te	otal	(Dec.)
	2019	2018		2019	2018		2019	2018	
Revenues:									
Program revenues:									
Charges for services	\$ 428,633	\$ 414,71	7 3% \$	2,969,965	\$ 2,940,57	6 1% \$	3,398,598	\$ 3,355,293	1%
Operating grants/contributions	194,323	172,40	2 13%	-	-	-	194,323	172,402	13%
Capital grants/contributions and debt proceeds	1,147,979	486,90	0 136%	-	-	-	1,147,979	486,900	136%
General revenues:									
Sales and use taxes	3,868,431	3,784,89	6 2%	-	-	-	3,868,431	3,784,896	2%
Other taxes	387,682	409,34	8 -5%	-	-	-	387,682	409,348	-5%
Other general revenue	364,208	255,63	9 42%	128,438	86,86	6 48%	492,646	342,505	44%
Total revenues	6,391,256	5,523,90		3,098,403	3,027,44		9,489,659	8,551,344	11%
Program expenses:									
General government	525,285	538,31	3 -2%		_	_	525,285	538,313	-2%
Streets	832,228	816,92			_	_	832,228	816,926	2%
Public safety	2,165,756	1,987,01		_	_	_	2,165,756	1,987,019	270 9%
Cemetery	2,105,750	1,987,01		-	-	-	213,000	1,987,019	10%
Legal and judicial	59,711	54,09		-	-	-	59,711	54,095	10%
Culture and recreation	52,099	57,92		-	-	-	52,099	57,925	-10%
Community development	204,764	205,81		-	-	-	204,764	205,817	-10/6
	1,431,829	728,74		-	-	-	1,431,829	728,749	-1% 96%
Airport Maintenance	, ,	60,50		-	-	-	· · ·	· · · · ·	90% 7%
	65,025)		-	-	-	65,025 118,089	60,500	/% 0%
Industrial development	118,089	118,08		-	-	-	· · ·	118,089	-8%
Principal Retirement	119,962	129,93					119,962	129,935	
Interest and fiscal agent fees	131,531	109,54	5 20%	-	-	-	131,531	109,545	20%
Water operations	-	-	-	4,427,497	1,295,42		4,427,497	1,295,423	242%
Sewer operations	-	-	-	860,495	738,51		860,495	738,514	17%
Sanitation operations	-	-	-	798,925	725,87		798,925	725,872	10%
Landfill operations	-	-	-	275,383	218,10		275,383	218,161	26%
Governmental Principal Retirement	-	-	-	126,689	62,10		126,689	62,108	104%
Governmental Interest Expense	-			148,156	124,00		148,156	124,002	19%
Total expenses	5,919,279	5,001,06	4 18%	6,637,145	3,164,08	<u>110%</u>	12,556,424	8,165,144	54%
Excess (deficiency)									
before transfers	471,977	522,83	8 -10%	(3,538,742)	(136,63	8) 2490%	(3,066,765)	386,200	-894%
Net transfers in (out)	(299,682)	(265,02	6) 13%	299,682	265,02	.6 13%			-
Increase (decrease)									
	\$ 172,295	\$ 257,81	2 -33% \$	(3,239,060)	\$ 128,38	-2623% \$	(3,066,765)	\$ 386,200	-894%
Net position - beginning	2,227,676	1,969,86	4 13%	9,682,747	9,554,35	9 1%	11,910,423	11,524,223	3%
Net position - ending	\$ 2,399,971	\$ 2,227,67	6 8% \$	6,443,687	\$ 9,682,74	7 -33% \$	8,843,658	\$ 11,910,423	-26%

Year Ended June 30, 2018

Governmental Activities

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

- Program revenues, specifically capital grants/contributions revenue, increased mainly due to an increase of \$876,000 in Airport grants and contributions received in 2019.
- Program expenses, specifically Public Safety and Airport, increased mainly due to a combined increase of \$882,000 related to Fire and Police salaries and benefits, and Airport improvements through capital outlays, in 2019.
- Net transfers out increased mainly due to a \$139,000 transfer of capital outlay from the General Fund to the IPWA that occurred in 2019, but not in 2018.

CITY OF IDABEL, OKLAHOMA

Management's Discussion and Analysis

As of and for the Year Ended June 30, 2019

	Total Expense of Services			% Inc (Dec)	 Net Ro (Expo of Sei	ense)		% Inc (Dec)	
	2	019		2018		 2019		2018	
General government	\$	525,285	\$	538,313	-2.4%	\$ (418,850)	\$	(461,691)	-9.3%
Streets		832,228		816,926	1.9%	(778,590)		(703,299)	10.7%
Public safety	2.	,165,756		1,987,019	9.0%	(1,991,184)		(1,804,926)	10.3%
Cemetery		213,000		194,151	9.7%	(210,114)		(191,724)	9.6%
Legal and judicial		59,711		54,095	10.4%	(59,711)		(54,095)	10.4%
Culture and recreation		52,099		57,925	-10.1%	(52,099)		(5,132)	915.2%
Community development		204,764		205,817	-0.5%	(140,809)		(148,499)	-5.2%
Airport	1,	,431,829		728,749	96.5%	(62,380)		(139,610)	-55.3%
Maintenance		65,025		60,500	7.5%	(65,025)		(60,500)	7.5%
Industrial development		118,089		118,089	0.0%	(118,089)		(118,089)	0.0%
Principal Retirement		119,962		129,935	-7.7%	(119,962)		(129,935)	-7.7%
Interest and fiscal agent fees		131,531		109,545	20.1%	 (131,531)		(109,545)	20.1%
Total	\$5.	,919,279		\$5,001,064	18.4%	\$ (4,148,344)	\$	(3,927,045)	5.6%

Net Revenue (Expense) of Governmental Activities

Business-type Activities

The City's business-type activities had a decrease in net position of \$3,239,060 compared to the prior year increase in net position. This is primarily due to an increase of \$3,303,000 in capital outlays for IPWA capital projects, specifically the elevated water storage tanks and the Highway 70 water main projects.

Net Revenue (Expense) of Business-Type Activities

	Total Expense of Services			% Inc (Dec)		Net Ro (Exp of Ser	ense)	-	% Inc (Dec)	
		2019		2018			2019		2018	
Water operations	\$	4,427,497	\$	1,295,423	241.8%	\$	(3,394,170)	\$	(248,210)	1267.5%
Wastewater operations		860,495		738,514	16.5%		(139,682)		(12,313)	1034.4%
Sanitation operations		798,925		725,872	10.1%		71,863		116,544	-38.3%
Landfill operations		275,383		218,161	26.2%		69,654		106,585	-34.6%
Governmental Principal Retirement		126,689		62,108	104.0%		(126,689)		(62,108)	104.0%
Governmental Interest Expense		148,156		124,002	19.5%	_	(148,156)		(124,002)	19.5%
Total	\$	6,637,145	\$	3,164,080	109.8%	\$	(3,667,180)	\$	(223,504)	1540.8%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2019 fiscal year, the governmental funds reported a combined fund balance of \$2,399,971. For the year ended June 30, 2019, the General Fund's total fund balance increased by \$30,176, or 2.6%.

Budgetary Highlights

Total revenues exceeded the amount budgeted by \$146,951, or 3.5%, while total expenditures and transfers out were less than the amount budgeted by \$333,225, or 7.2%.

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 2020 fiscal year are each budgeted to increase approximately \$79,000.
- The IPWA revenues and expenses for the 2020 fiscal year are each budgeted to decrease approximately \$238,000, as reflected in the decrease to the budgeted surplus cash/fund balance.

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

Statement of Net Position (Modified Cash Basis) June 30, 2019

ASSETS	<u>Governm</u> <u>Activiti</u>		isiness-type_ Activities		<u>Total</u>	IIDA Componer <u>Unit</u>		
Cash and Cash Equivalents	\$ 1.54	9,170 \$	2,570,856	\$	4,120,026	\$	454,106	
Investments		58,380	4,082,879	·	4,941,259	·	1,029,370	
Due from other governments		3,175	-		3,175		-	
Other receivables		4,150	75		4,225		-	
Internal Balances		(913)	913		-		-	
Total Assets	2,41	3,962	6,654,723		9,068,685		1,483,476	
LIABILITIES								
Due to other governments		1,564	-		1,564		-	
Due to bondholders	Î	2,427	-		12,427		-	
Due to depositors		-	211,036		211,036		-	
Total liabilities		3,991	211,036		225,027		-	
NET POSITION								
Restricted for:								
Grant purposes	53	80,289	-		530,289		-	
Library	29	6,763	-		296,763		-	
Nutrition		4,498	-		4,498		-	
Other purposes		1	1,310,092		1,310,093		-	
Debt service		-	1,035,087		1,035,087		-	
Unrestricted	1,56	8,420	4,098,508		5,666,928		1,483,476	
Total net position	\$ 2,39	99,971 \$	6,443,687	\$	8,843,658	\$	1,483,476	

							xpense) Revenue ar		ges in Net Po	osition	
			Program Revenue				Primary Governmen	t			
			.	Capital Grants,							
			Operating	Contributions							
		Charges for	Grants and	and Debt	Go	overnmental	Business-type			IIDA C	Component
Functions/Programs	Expenses	Services	Contributions	Proceeds		Activities	Activities		<u>Total</u>		Unit
Primary government											
Governmental Activities											
General Government	\$ 525,285	\$ 51,744	\$ 46,864	\$ 7,827	\$	(418,850)	\$ -	\$	(418,850)	\$	-
Streets	832,228	-	53,638	-		(778,590)	-		(778,590)		-
Public Safety	2,165,756	144,706	29,866	-		(1,991,184)	-		(1,991,184)		-
Cemetery	213,000	2,886	-	-		(210,114)	-		(210,114)		-
Legal and judicial	59,711	-	-	-		(59,711)	-		(59,711)		-
Culture and Recreation	52,099	-	-	-		(52,099)	-		(52,099)		-
Community development	204,764	-	63,955	-		(140,809)	-		(140,809)		-
Airport	1,431,829	229,297	-	1,140,152		(62,380)	-		(62,380)		-
Maintenance	65,025	-	-	-		(65,025)	-		(65,025)		-
Industrial Development	118,089	-	-	-		(118,089)	-		(118,089)		-
Principal Retirement	119,962	-	-	-		(119,962)	-		(119,962)		-
Interest on Long-term debt	131,531	-	-	-		(131,531)	-		(131,531)		-
Total governmental activities	5,919,279	428,633	194,323	1,147,979		(4,148,344)	-		(4,148,344)		-
Business-type activities:											
Water	4,427,497	1,033,327					(3,394,170)		(3,394,170)		
Wastewater	4,427,497 860,495	720,813	-	-		-	(139,682)		(139,682)		
Sanitation	798,925	870,788	-	-		-	71,863		71,863		
		· · · · · · · · · · · · · · · · · · ·	-	-		-					
Landfill	275,383	345,037	-	-		-	69,654		69,654		
Administration	-	-	-	-		-	-		-		
Governmental Principal Retirement	126,689	-	-	-		-	(126,689)		(126,689)		
Governmental Interest Expense	148,156	-					(148,156)		(148,156)		
Total business-type activities	6,637,145	2,969,965	-			-	(3,667,180)		(3,667,180)		
Total primary government	12,556,424	3,398,598	194,323	1,147,979		(4,148,344)	(3,667,180)		(7,815,524)		
Component Units											
Industrial Development Authority	51,596	13,700			-						(37,896)
Total Component Units	51,596	13,700	-	-	-						
	General revenues:										
	Taxes:										
	Sales and use taxe	es			\$	3,868,431	\$-	\$	3,868,431	\$	118,089
	Occupation taxes					41,750	-		41,750		-
	Hotel/motel taxes					104,243	-		104,243		-
	Franchise taxes an	nd public service taxes				241,689	-		241,689		-
	Intergovernmental re	evenue not restricted to	o specific programs			199,469	-		199,469		20,000
	Unrestricted investn					13,836	128,438		142,274		17,826
	Miscellaneous	6				150,903	-		150,903		674
	Transfers					(299,682)	299,682				-
		venues and transfers				4,320,639	428.120		4,748,759		156,589
	Change in net	t position				172.295	(3.239.060)		(3.066.765)		118.693
	Change in net Net position - beginnir					172,295 2,227,676	(3,239,060) 9,682,747		(3,066,765) 11,910,423		118,693 1,364,783

CITY OF IDABEL, OKLAHOMA

Governmental Funds Balance Sheet (Modified Cash Basis)

June 30, 2019

	Gene	eral Fund	Federa	Other Governmental al Nutrition Special Grant Fund Funds			Gov	Total ernmental Funds		
ASSETS	¢	722.254	¢	10 400	¢	520 200	¢	204.125	¢	1 5 40 1 70
Cash and cash equivalents	\$	722,256	\$	12,490	\$	530,289	\$	284,135	\$	1,549,170
Investments		858,380		-		-		-		858,380
Due from other governments		3,175		-		-		-		3,175
Due from other funds		22,782		-		-		20,511		43,293
Other receivables		4,150		-		-		-		4,150
Total assets		1,610,743		12,490		530,289		304,646		2,458,168
LIABILITIES AND FUND BALANCES Liabilities:										
Due to other governments		1,564								1,564
Due to other funds		28,842		15,364		-		-		44,206
Due to bondholders		28,842 12,427		15,504		-		-		44,206 12,427
Total liabilities		42,833		15,364		-		-		58,197
Fund balances:										
Restricted for:										
Grant purposes		-		-		530,289		-		530,289
Library		-		-		-		296,763		296,763
Nutrition		-		4,498		-		-		4,498
Emergency food & shelter program		-		-		-		1		1
Assigned to:										
Next year's budget		450,000		-		-		-		450,000
Cemetery		242,180		-		-		-		242,180
Airport		131,454		-		-		-		131,454
Police		20,435		-		-		-		20,435
Library		-		-		-		7,882		7,882
Unassigned (deficit)		723,841		(7,372)		-		-		716,469
Total fund balances		1,567,910		(2,874)		530,289		304,646		2,399,971
Total liabilities and fund balances	\$	1,610,743	\$	12,490	\$	530,289	\$	304,646	\$	2,458,168

CITY OF IDABEL, OKLAHOMA Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) For the Year Ended June 30, 2019

	Gene	ral Fund	-	ederal atrition	Spe	cial Grant Fund	Gove	Other ernmental Funds	Gov	Total vernmental Funds
REVENUES	¢	4 1 50 100	¢	(2.055	¢		¢	104.242	¢	1 227 207
Taxes	\$	4,159,189	\$	63,955	\$	-	\$	104,243	\$	4,327,387
Intergovernmental		320,306		-		1,149,202		-		1,469,508
Charges for services		239,701		-		-		-		239,701
Fees and fines		144,246		-		500		-		144,746
Licenses and permits		45,235		-		-		-		45,235
Investment earnings		12,872		23		-		941		13,836
Miscellaneous:						66.000				(< 000)
Donations		-		-		66,808		-		66,808
Other		84,029		6		-		-		84,035
Total revenues		5,005,578		63,984		1,216,510		105,184		6,391,256
EXPENDITURES										
Current:										
General government		434,414		-		-		-		434,414
Streets and highways		800,380		-		-		-		800,380
Public Safety		2,217,543		-		6,298		-		2,223,841
Cemetery		212,629		-		-		-		212,629
Legal and judicial		59,711		-		-		-		59,711
Culture and recreation		39,186		-		2,412		9,264		50,862
Community support		131,954		75,523		-		-		207,477
Airport		248,670		-		-		-		248,670
Maintenance		66,031		-		-		-		66,031
Industrial development		118,089		-		-		-		118,089
Capital Outlay		115,114		-		1,130,568		-		1,245,682
Debt Service:										
Principal		59,090		-		-		60,872		119,962
Interest and other charges		10,350		-		-		121,181		131,531
Total Expenditures		4,513,161		75,523		1,139,278		191,317		5,919,279
Excess (deficiency) of revenues over										
expenditures		492,417		(11,539)		77,232		(86,133)		471,977
OTHER FINANCING SOURCES (USES)										
Transfers in		805,517		11,896		237,346		-		1,054,759
Transfers out		(1,285,710)		-		-		(68,731)		(1,354,441)
Total other financing sources and uses		(480,193)		11,896		237,346		(68,731)		(299,682)
Net change in fund balances		12,224		357		314,578		(154,864)		172,295
Fund balances - beginning		1,555,686		(3,231)		215,711		459,510		2,227,676
Fund balances - ending	\$	1,567,910	\$	(2,874)	\$	530,289	\$	304,646	\$	2,399,971

CITY OF IDABEL, OKLAHOMA Proprietary Fund Statement of Net Position (Modified Cash Basis) June 30, 2019

	Idabel Publi Works Autho			
ASSETS				
Current assets:				
Cash and cash equivalents	\$	2,506,260		
Investments		1,591,260		
Restricted:				
Due from other funds		913		
Other receivables		75		
Total current assets		4,098,508		
Non-current assets:				
Restricted:				
Cash and cash equivalents		64,596		
Investments		2,491,619		
Total non-current assets		2,556,215		
Total assets		6,654,723		
LIABILITIES				
Non-current liabilities:				
Due to depositors		211,036		
Total non-current liabilities		211,036		
Total liabilities		211,036		
NET POSITION				
Restricted for debt service		1,035,087		
Restricted for other purposes		1,310,092		
Unrestricted		4,098,508		
Total net position	\$	6,443,687		

CITY OF IDABEL, OKLAHOMA

Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position
(Modified Cash Basis)
For the Year Ended June 30, 2019

	abel Public ks Authority
REVENUES	
Water	\$ 980,830
Sewer	684,701
Sanitation	832,599
Landfill	330,645
Water taps	7,179
Sewer taps	4,500
Penalties	46,596
Reconnect fees	38,530
Transfer fees	1,450
Insufficient check charges	910
Miscellaneous	42,025
Total operating revenues	 2,969,965
OPERATING EXPENSES	
Managerial	74,829
Water	611,476
Sanitation	669,738
Landfill	232,490
Lift station	74,200
Filter plant	345,307
Sewer plant	324,055
Sewer-other	247,565
Total Operating Expenses	 2,579,660
Operating income	 390,305
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	128,438
Capital outlay	(3,713,579)
Debt service:	
Principal retirement	(188,456)
Interest expense	(155,450)
Total non-operating revenue (expenses)	 (3,929,047)
Income (loss) before transfers	 (3,538,742)
Transfers in	1,243,814
Transfers out	(944,132)
Change in net position	 (3,239,060)
Total net position - beginning	9,682,747
Total net position - ending	\$ 6,443,687

CITY OF IDABEL, OKLAHOMA Proprietary Fund Statement of Cash Flows (Modified Cash Basis) For the Year Ended June 30, 2019

		<u>abel Public</u> ks Authority
CASH FLOWS FROM OPERATING ACTIVITIES		-
Receipts from customers	\$	2,969,965
Payments to suppliers		(1,347,435)
Payments to employees		(1,225,088)
Receipts of customer meter deposits		29,315
Refunds of customer meter deposits		(30,932)
Net cash provided by operating activities		395,825
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds		1,243,814
Transfers to other funds		(944,132)
Net cash provided by noncapital financing activities		299,682
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets		(3,713,579)
Principal paid on debt		(188,456)
Interest and fiscal agent fees paid on debt		(155,450)
Net cash provided by (used in) capital and related financing activities		(4,057,485)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments		2,441,600
Interest and dividends		128,438
Net cash provided by investing activities		2,570,038
Net increase (decrease) in cash and cash equivalents		(791,940)
Balances - beginning of year		3,362,796
Balances - end of year	\$	2,570,856
Reconciliation to Statement of Net Position:		
Cash and cash equivalents		2,506,260
Restricted cash and cash equivalents - noncurrent		64,596
Total cash and cash equivalents, end of year		2,570,856
Reconciliation of operating income to net cash provided by		
operating activities:	-	
Operating income	\$	390,305
Change in assets and liabilities:		
Due from other funds		7,137
Deposits subject to refund		(1,617)
Net cash provided by operating activities	\$	395,825

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, 2019, 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, 2019, 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.

For the Year Ended June 30, 2019

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.
- Federal Nutrition Fund—accounts for annual Kiamichi Area Nutrition Program grants.
- Special Grant Project Fund—accounts for miscellaneous grants.

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

Special Revenue Funds:

- 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.

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:

- *a.* <u>*Restricted net position*</u> 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.
- b. <u>Unrestricted net position</u> 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. <u>Nonspendable</u> 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. <u>Restricted</u> 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. <u>Committed</u> 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. <u>Assigned</u> includes amounts that are constrained by the City's intent to be used for specific purposed 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. <u>Unassigned</u> 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, 2019, the City recognized \$142,274 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, 2019, the primary government held the following deposits and investments:

Notes to the Financial Statements For the Year Ended June 30, 2019

Туре		Carrying Cro Value Rat		Maturity Date	Market Value	
Deposits:						
Demand deposits	\$	4,120,026	N/A	N/A	N/A	
Time deposits		3,909,732	N/A	Due within one year	N/A	
Investments						
Federated Treasury Obligations Fund	\$	1,031,527	N/A	N/A	N/A	
Total Deposits and Investments	\$	9,061,285				
Reconciliation to Statement of Net Po	sition	:				
Cash and cash equivalents	\$	4,120,026				
Investments		4,941,259				

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.

\$ 9,061,285

As of June 30, 2019, 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, 2019, the City held no such investments.

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, 2019, 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, 2019 are as follows:

	Current			Nonc	current		
Type of Restricted Assets	Cash and cash equivalents		Cash and cash equivalents		In	vestments	
Utility Deposits Landfill Reserve Trustee Accounts	\$	- - -	\$	64,596 - -	\$	150,000 1,310,092 1,031,527	
Total	\$		\$	64,596	\$	2,491,619	

Component Unit—Idabel Industrial Development Authority (IIDA)

For the year ended June 30, 2019, the IIDA recognized \$17,826 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, 2019, the IIDA held the following deposits and investments:

Туре		Carrying Value	Credit Rating	Maturity Date	Market Value						
Deposits:											
Demand deposits	\$	454,106	N/A	N/A	N/A						
Time deposits		1,029,370	N/A	Due within one year	N/A						
Total Deposits	\$	1,483,476									
Reconciliation to Statement of Net	Reconciliation to Statement of Net Position:										
Cash and cash equivalents	\$	454,106									
Investments		1,029,370									

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, 2019, the IIDA held no such qualifying investments; therefore, no such risk as stated above.

1,483,476

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, 2019, 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, 2019, was \$211,036.

6. Notes Receivable

Component Unit

The Idabel Industrial Development Authority had two notes outstanding as of June 30, 2019. These notes are summarized as follows:

McCurtain County Memorial Hospital

On September 27, 2018, the Authority made a short-term loan for \$300,000 to McCurtain County Memorial Hospital, which was subsequently collected in one single payment on October 3, 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, 2019

	Balance 6/30/2018	Additions	Deductions	Balance 6/30/2019	Due Within One Year	
McCurtain County Memorial Hospital	\$ -	\$ 300,000	\$ (300,000)	\$ -	\$ -	
Allowance for uncollectible	-	-	-	-	-	
Oklahoma Wood Fibers, Inc.	84,707	-	-	84,707	-	
Allowance for uncollectible	(84,707)	-	-	(84,707)	-	
Wood Lumber Company Specialities, Inc.						
Loan 1	216,557	-	-	216,557	-	
Allowance for uncollectible	(216,557)			(216,557)	-	
Total	\$ -	\$ 300,000	\$ (300,000)	\$ -	\$ -	

7. Internal and Interfund Balances and Transfers

Internal balances between funds and activities for the year ended June 30, 2019 were as follows:

Balances

		Amount		Nature of Balance		
General Fund C	Cemetery Account	\$	4,688	CD Interest deposited to Gen Fund in error		
General Fund I	PWA		913	Miscellaneous reimbursement		
General Fund I	Library Fund		20,511	Hotel/Motel Tax Revenue		
General Fund F	Fuel Farm Account		2,175	Hangar Rent/Fuel Revenue		
General Fund I	LETN Account		555	Youth ACT revenue		
Federal Nutrition 0	General Fund		15,364	Operational Support		
		\$	44,206			

	Due From			Due To	Net Balances		
Governmental Funds	\$	43,293	\$	(44,206)	\$	(913)	
Proprietary Funds		913		-		913	
Total	\$	44,206	\$	(44,206)	\$	-	

<u>Transfers</u>

Transfer From	Transfer To	Amount		Purpose of Transfer
MCRA Fuel Farm	IPWA	\$	36,759	Debt service payment
IPWA	General Fund	Φ	805,059	Return of unused of Sales Tax
Emergency Shelter Fund	General Fund		458	Close out Fund and Transfer Balance
E-911 Fund	Special Grant Fund		68,273	Close out Fund and Transfer Balance
General Fund	Federal Nutrition		11,896	Operating Subsidy
Special Grant Fund	IPWA		139,073	Transfer of Capital Outlay
General Fund	Special Grant Fund		30,000	Transfer of Capital Outlay
General Fund	IPWA		1,207,055	Transfer of Sales Tax
		\$	2,298,573	

Reconciliation to Fund & Government Wide Financial Statements:

				Net	Transfers	Net	t Transfers
	Transfers In Tra		ansfers Out	per	SRECNA]	per SOA
Governmental Funds	\$ 1,054,759	\$	(1,354,441)	\$	(299,682)	\$	(299,682)
Proprietary Funds	 1,243,814		(944,132)	\$	299,682		299,682
Total	\$ 2,298,573	\$	(2,298,573)	\$	-	\$	-

8. Risk Management

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

9. Pension Plan Participation

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

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

Firefighter Pension System

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

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

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

Police Pension System

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

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

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

City of Idabel Retirement Plan

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

Funding Policy—Employees must complete six months of service and attain age 20 before becoming eligible to participate. An employee must contribute 2%, but may contribute up to 4%, of their compensation. Employees' contributions are 100% vested. For non-elected City employees, the City contributes 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 \$1,800,163 in 2019.

Summary of Contributions

City of Idabel				na Firefighter		Oklahoma Police Pension			
	Retirement I	fund	and Retirement System			an	d Retirement	System	
Fiscal	Employee	Employer	Fiscal	Required	Percentage	Fiscal	Required	Percentage	
Year	Contribution	Contribution	Year	Contribution	Contributed	Year	Contribution	Contributed	
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%	
2019	59,597	234,021	2019	61,119	100%	2019	85,741	100%	

10. Commitments and Contingencies

Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2019, the reporting entity's long-term debt changed as follows:

<u>Type of Debt</u> Governmental Activities:	Balance July 1, 2018	Additions	Deductions	Balance <u>June 30, 2019</u>	Due Within <u>One Year</u>
Notes payable (direct borrowing)	\$ 2,103,251	\$ -	\$ 60.872	\$ 2.042.379	\$ 59,669
Capital lease payable	284.649	- -	58,931	225.718	21,155
Total Governmental Activities	\$ 2,387,900	\$ -	\$ 119,803	\$ 2,268,097	\$ 80,824
Business-Type Activities: Notes payable (direct borrowings) Capital lease payable Total Business-Type Activities	\$ 4,100,749 208,081 \$ 4,308,830	\$ 68,368 	\$ 127,446 61,010 \$ 188,456	\$ 4,041,671 147,071 \$ 4,188,742	\$ 102,619 47,389 \$ 150,008
Total Long-Term Debt	\$ 6,696,730	\$ 68,368	\$ 308,259	\$ 6,456,839	\$ 230,832

Governmental activities:

At June 30, 2019, the governmental activities long-term debt payable from taxes and other general revenues include the following:

Notes Payable (direct borrowing):

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, 2039. In the event of default the Lender may: 1) declare the entire principal outstanding and interest accrued therein immediately due and payable, 2) assess a late charge of five percent (5%) be added to any payment made more than ten (10) days after it is due, with a minimum late charge of \$22.00, 3) declare that all prinicipal and interest not paid when due shall bear interest at the rate of fourteen percent (14%) per annum.

	\$ 2,042,379
Total Notes Payable	\$ 2,042,379
Current portion	59,669
Noncurrent portion	1,982,710
Total Notes Payable	\$ 2,042,379

Capital Lease Obligations:

\$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.
225,718

Total Capital Leases Payable	\$ 225,718
Current portion	21,155
Non-Current portion	 204,563
Total Capital Leases Payable	\$ 225,718

<u>Business-type activities:</u>

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 (direct borrowings):

On October 25, 2018, the Idabel Public Works Authority (IPWA) signed a promissory note to First Bank & Trust of Idabel for \$68,368, with an interest rate of 2.99%. The purpose of this loan is for the purchase of 3 FORD Trucks for IPWA. The loan is secured by these 3 FORD Trucks. Final payment is due October 25, 2021. In the event of default the Lender may assess a late charge of five percent (5.%) of the amount of payment due or \$25.50, whichever is less, for those payments that are more than ten (10) days late.		51,671
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. In the event of default the lender may: 1) file suit for specific performance covenants, 2) accelerate the payment of principal and interest accrued on all notes, 3) appoint temporary trustees to take over, operate, and maintain the System, 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement, 5) interest rate increases to		2 000 000
14% from date of default until date of payment.		3,990,000
Total Notes Payable	\$	4,041,671
Current portion	1	102,619
Noncurrent portion		3,939,052
Total Notes Payable	\$	4,041,671
Capital Lease Obligations:		
\$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.	\$	147,071
Total Capital Lease Payable	\$	147,071
Current portion		47,389
Noncurrent portion		99,682
Total Capital Lease Payable	\$	147,071
Due to Depositors:		
Refundable customer deposits reported as a liability within the Statement of Net Position		
are comprised of utility customer deposits payable	_	211,036
Noncurrent Portion of Due to Depositors	\$	211,036

			G	overnmental	Activ	ities		
Year Ending June 30, 2019	Notes Payable			Capital				
	(direct borrowing)				Lease Ob	igati	ons	
	Pr	Principal Interest		<u>P</u> 1	rincipal	In	terest_	
2020	\$	59,669	\$	112,331	\$	21,155	\$	8,539
2021		62,951		109,049		22,018		7,679
2022		66,413		105,587		22,891		6,807
2023		70,066		101,934		23,800		5,902
2024		73,920		98,080		24,732		4,973
2025-2029		435,242		424,758		111,122		9,680
2030-2034		568,844		291,156		-		-
2035-2039		705,274		116,543		-		-
Totals	\$ 2	2,042,379	\$	1,359,438	\$	225,718	\$	43,580

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

		Business Type Activities							
Year Ending June 30, 2019	Notes Payable								
	(direct borrowings)				(Capital Lease	se Obligation		
	<u>P</u>	rincipal	Ī	nterest	<u>P</u>	<u>rincipal</u>	Interest		
2020	\$	102,619	\$	144,787	\$	47,389	\$	5,015	
2021		103,305		140,741		49,005		3,399	
2022		90,747		137,183		50,677		1,728	
2023		90,000		133,900		-		-	
2024		90,000		130,570		-		-	
2025-2029		510,000		601,345		-		-	
2030-2034		625,000		487,400		-		-	
2035-2039		735,000		370,958		-		-	
2040-2044		875,000		231,588		-		-	
2045-2048		820,000		61,975		-		-	
Totals	\$	4,041,671	\$	2,440,447	\$	147,071	\$	10,142	

Business Type Activities

Landfill Closure and Post-Closure Requirements

At June 30, 2019, the Idabel Public Works Authority had \$1,310,092 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 \$478,338 for closure and \$826,414 for post-closure with the total amount of \$1,304,752. This amount is based upon what it would cost to perform all closure and post-closure care in 2020. 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, 2019, is \$113,594 for the General Fund and \$27,155 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 2019, 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, 2019, the City reported a fund balance deficit of \$2,874 in the Federal Nutrition Fund.

			Actual Amounts,		<u>riance with</u> al Budget -
	Budgetee	l Amounts	Budgetary Basis	Positi	ve (Negative)
General Fund	Original	Final			
Beginning Budgetary Fund Balance:	450,000	450,000	1,143,665	\$	693,665
RESOURCES (INFLOWS):					
Taxes	2,796,600	2,796,600	2,910,238	\$	113,638
Intergovernmental	197,000	197,000	320,306		123,306
Charges for services	-	-	460		460
Fees and fines	145,000	145,000	144,246		(754)
Licenses and permits	104,200	104,200	45,235		(58,965)
Investment earnings	6,000	6,000	10,820		4,820
Miscellaneous	127,100	127,100	84,029		(43,071)
Other Financing Sources - Transfers In	798,000	798,000	805,517		7,517
Total Resources	4,173,900	4,173,900	4,320,851		146,951
Amounts available for appropriation	4,623,900	4,623,900	5,464,516		840,616
CHARGES TO APPROPRIATIONS (OUTFLOWS):					
Departmental:					
General Government:					
City manager	100,413	100,413	90,921		9,492
City clerk	195,082	195,082	190,208		4,874
General government	181,026	181,026	107,986		73,040
Ordinance code inspector	63,634	63,634	47,945		15,689
Street:	,	,	,		,
Street	843,920	843,920	832,228		11,692
Public Safety:))	, -		,
Police	1,609,276	1,609,276	1,606,622		2,654
Fire	722,150	722,150	701,499		20,651
Cemetery	206,890	206,890	198,263		8,627
Legal and Judicial:	200,000	200,070	190,200		0,027
City Judge	40,200	40,200	42,297		(2,097)
City Attorney	32,840	32,840	17,414		15,426
Culture and Recreation:	52,040	52,040	17,414		15,420
Library	40,370	40,370	32,287		8,083
Parks	56,000	56,000	6,899		49,101
Community Support:	50,000	50,000	0,077		49,101
Nutrition	129,060	129,060	117,613		11,447
Senior Citizen	56,098	56,098	15,062		41.036
	,	,	,)
Airport Maintananaa	150,264	150,264	99,311 66.031		50,953
Maintenance	77,351	77,351	66,031		11,320
Industrial Development	119,326	119,326	118,089		1,237
Total Charges to Appropriations	4,623,900	4,623,900	4,290,675		333,225
Excess (deficiency) of revenues over expenditures	(450,000)	(450,000)	30,176		480,176
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 1,173,841	\$	1,173,841

(UNAUDITED)

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:

	of	r Statement Changes in nd Balance	tr	Reclass ansfers out	 LETN Fund	CRA Fuel arm Fund	emetery intenance Fund	er Budgetary Comparison Schedule
Resources (Inflows):								
Total Revenues	\$	5,005,578	\$	(1,248,951)	\$ (7,100)	\$ (229,544)	\$ (4,649)	\$ 3,515,334
Transfers in		805,517		-	-	-	-	805,517
Fund balance, beginning		1,555,686		-	 (13,603)	 (146,150)	 (252,268)	 1,143,665
Total Revenues and Other Financing Sources		7,366,781	_	(1,248,951)	 (20,703)	 (375,694)	 (256,917)	 5,464,516
Charges to Appropriations (Outflows):								
Total Expenditures		4,513,161		-	(268)	(207,481)	(14,737)	4,290,675
Transfers Out		1,285,710		(1,248,951)	 -	 (36,759)	 -	 -
Total Expenditures and Other Financing Uses		5,798,871		(1,248,951)	(268)	 (244,240)	 (14,737)	 4,290,675
Ending Fund Balance	\$	1,567,910	\$	-	\$ (20,435)	\$ (131,454)	\$ (242,180)	\$ 1,173,841

(UNAUDITED)

	Gen	eral Fund]	LETN	MC	CRA Fuel Farm	emetery intenance	Tot	al General Fund
ASSETS									
Cash and cash equivalents	\$	385,942	\$	19,880	\$	129,279	\$ 187,155	\$	722,256
Investments		808,043		-		-	50,337		858,380
Due from other governments		3,175		-		-	-		3,175
Due from other funds		15,364		555		2,175	4,688		22,782
Other receivables		4,150		-		-	 -		4,150
Total assets		1,216,674		20,435		131,454	 242,180		1,610,743
Due to other governments Due to other funds Due to bondholders Total liabilities		1,564 28,842 12,427 42,833				- - - -	 		1,564 28,842 12,427 42,833
FUND BALANCES									
Assigned to:									
Next year's budget		450,000		-		-			450,000
Cemetery		-		-		-	242,180		242,180
Airport		-		-		131,454	-		131,454
Police		-		20,435		-	-		20,435
Unassigned		723,841		-		-	-		723,841
Total fund balances		1,173,841		20,435		131,454	 242,180		1,567,910
Total liabilities and fund balances		1,216,674	\$	20,435	\$	131,454	\$ 242,180	\$	1,610,743

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, 2019

	Gei	neral Fund	1	LETN	MO	CRA Fuel Farm		metery Itenance	То	tal General Fund
REVENUES										
Taxes	\$	4,159,189	\$	-	\$	-	\$	-	\$	4,159,189
Intergovernmental		320,306		-		-		-		320,306
Charges for services		460		7,058		229,297		2,886		239,701
Fees and fines		144,246		-		-		-		144,246
Licenses and permits		45,235		-		-		-		45,235
Investment income		10,820		42		247		1,763		12,872
Miscellaneous		84,029		-		-		-		84,029
Total revenues		4,764,285		7,100		229,544		4,649		5,005,578
EXPENDITURES										
General government		434,414		-		-		-		434,414
Streets and highways		800,380		-		-		-		800,380
Public Safety		2,217,275		268		-		-		2,217,543
Cemetery		197,892		-		-		14,737		212,629
Legal and judicial		59,711		-		-		-		59,711
Culture and recreation		39,186		-		-		-		39,186
Community support		131,954		-		-		-		131,954
Airport		99,311		-		149,359		-		248,670
Maintenance		66,031		-		-		-		66,031
Industrial development		118,089		-		-		-		118,089
Capital Outlay		56,992		-		58,122		-		115,114
Debt Service:										
Principal		59,090		-		-		-		59,090
Interest and other charges		10,350		-		-		-		10,350
Total Expenditures		4,290,675		268		207,481		14,737		4,513,161
Excess (deficiency) of revenues over										
expenditures		473,610		6,832		22,063		(10,088)		492,417
OTHER FINANCING SOURCES (USES)										
Transfers in		805,517		-		-		-		805,517
Transfers out		(1,248,951)		-		(36,759)		-		(1,285,710)
Total other financing sources and uses		(443,434)				(36,759)				(480,193)
Net change in fund balances		30,176		6,832		(14,696)		(10,088)		12,224
Fund balances - beginning		1,143,665		13,603		(14,090) 146,150		(10,088) 252,268		12,224
Fund balances - beginning Fund balances - ending	\$	1,143,003	\$	20,435	\$	131,454	\$	232,208	\$	1,555,080
i una bulances - enunig	¢	1,1/3,041	¢	20,433	¢	131,434	¢	242,100	φ	1,307,910

Combining Balance Sheet—Nonmajor Governmental Funds (Modified Cash Basis) June 30, 2019

		SPECIAL REV	CAPITAL PROJECT FUND	_		
	Emergency Shelter	Emergency Food & Shelter	Library	E-911	Transportation Enhancement	Total-Other Governmental Funds
ASSETS						
Cash and cash equivalents	\$ -	\$ 1	\$ 284,134	\$ -	\$ -	\$ 284,135
Due from other funds Total assets			20,511			20,511
Total assets		1	304,645			304,646
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds						
Total liabilities		-				
FUND BALANCES						
Restricted for:						
Library	-	-	296,763	-	-	296,763
Emergency food & shelter program	-	1	-	-	-	1
Assigned to:						
Library	-	-	7,882	-	-	7,882
Total fund balances		1	304,645			304,646
Total liabilities and fund balances	\$ -	\$ 1	\$ 304,645	\$ -	\$ -	\$ 304,646

Combining Statement of Revenues, Expenditures and Changes in Fund Balance—Nonmajor Governmental Funds (Modified Cash Basis) For the Year Ended June 30, 2019

		SPECIAL F	CAPITAL PROJECT FUND	_		
	Emergency Shelter	Emergency Food & Shelter	Library	E-911	Transportation Enhancement	Total-Other Governmental Funds
REVENUES						
Taxes	\$ -	\$ -	\$ 104,243	\$ -	\$ -	\$ 104,243
Investment income			835	106		941
Total revenues			105,078	106	<u> </u>	105,184
EXPENDITURES						
Current:						
Culture and recreation	-	-	9,264	-	-	9,264
Debt Service:						
Principal	-	-	60,872	-	-	60,872
Interest and other charges	-	-	121,181	-	-	121,181
Total Expenditures	-		191,317	_	_	191,317
Excess (deficiency) of revenues over						
expenditures			(86,239)	106		(86,133)
OTHER FINANCING SOURCES (USES)						
Transfers out	(458)	-	-	(68,273)	-	(68,731)
Total other financing sources and uses	(458)	-	-	(68,273)		(68,731)
Net change in fund balances	(458)	-	(86,239)	(68,167)	-	(154,864)
Fund balances - beginning	458	1	390,884	68,167	-	459,510
Fund balances - ending	\$ -	\$ 1	\$ 304,645	\$ -	\$ -	\$ 304,646

Combining Balance Sheet Schedule – IPWA Accounts (Modified Cash Basis) June 30, 2019

	IPWA Enterpr		
	_	IPWA CART	
	IPWA Fund	Maintenance	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,384,373	\$ 121,887	\$ 2,506,260
Investments	1,591,260	-	1,591,260
Due from other funds	913	-	913
Other receivables	75	-	75
Total current assets	3,976,621	121,887	4,098,508
Non-current assets:			
Restricted:			
Cash and cash equivalents	64,596	-	64,596
Investments	2,491,619	-	2,491,619
Total non-current assets	2,556,215	-	2,556,215
Total assets	6,532,836	121,887	6,654,723
LIABILITIES			
Due to depositors	211,036	-	211,036
Total liabilities	211,036		211,036
ΝΕΤ ΡΟSΙΠΙΟΝ			
Restricted for debt service	1,035,087	-	1,035,087
Restricted for other purposes	1,310,092	-	1,310,092
Unrestricted	3,976,621	121,887	4,098,508
Total net position	\$ 6,321,800	\$ 121,887	\$ 6,443,687

	IPWA Enterpris		
	· ·	IPWA CART	
	IPWA Fund	Maintenance Fund	Total
REVENUES			
Charges for services:			
Water charges	\$ 980,830	\$ -	\$ 980,830
Sewer charges	684,701	-	684,701
Sanitation charges	805,839	26,760	832,599
Landfill charges	330,645	-	330,645
Water taps	7,179	-	7,179
Sewer taps	4,500	-	4,500
Penalties	46,596	-	46,596
Reconnect fees	38,530	-	38,530
Transfer fees	1,450	-	1,450
Insufficient check charge	910	-	910
Miscellaneous	42,025	-	42,025
Total operating revenues	2,943,205	26,760	2,969,965
OPERATING EXPENSES			
Managerial	74,829	-	74,829
Water-other	611,476	-	611,476
Sanitation	656,237	13,501	669,738
Landfill	232,490	-	232,490
Lift station	74,200	-	74,200
Filter plant	345,307	-	345,307
Sewer plant	324,055	-	324,055
Sewer-other	247,565	-	247,565
Total Operating Expenses	2,566,159	13,501	2,579,660
Operating income	377,046	13,259	390,305
NON-OPERATING REVENUES (EXPENSES) Investment income	128,140	298	128,438
Capital outlay	(3,713,579)		(3,713,579)
Debt service:	(0,110,017)		(0,, 10,07)
Principal retirement	(188,456)	-	(188,456)
Interest expense	(155,450)	_	(155,450)
Total non-operating revenue (expenses)	(3,929,345)	298	(3,929,047)
Income (loss) before transfers	(3,552,299)	13,557	(3,538,742)
Transfers in	1,243,814		1,243,814
Transfers out	(944,132)	-	(944,132)
Change in net position			
	· · · · · · · · · · · · · · · · · · ·	13.557	(3.239.060)
Total net position - beginning	(3,252,617) 9,574,417	13,557 108,330	(3,239,060) 9,682,747

CITY OF IDABEL Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2019

Federal/Pass through agency Grantor/Program Title	CFDA#	Grant #	Award Amount	Expenditures
Federal	_			•
Department of Agriculture				
Passed through the Oklahoma Department of Human Services and				
Kiamichi Area Nutrition Project:				
Food Distribution	10.550	N/A	\$ 62,647	\$ 62,647
Department of Justice				
Passed through the Oklahoma District Attorneys Council:				
Violence Against Women Act (VAWA)	16.588	2017/18-VAWA-Idabel-Cl-00026	100,000	51,525
Department of Transportation - Federal Aviation Administration				
Airport Grant - Parallel Taxiway	20.106	3-40-0137-011-2017	63,445	10,578
Airport Grant - Parallel Taxiway	20.106	3-40-0137-011-2018	2,765,221	1,052,085
Subtotal 20.106			2,828,666	1,062,663
Department of Transportation				
Passed through the Oklahoma Highway Safety Office:				
Idabel Traffic Enforcement	20.600	PT-18-03-11-05	17,550	3,117
Idabel Traffic Enforcement	20.600	PT-19-03-09-06	21,460	10,675
Subtotal 20.600			39,010	13,792
Total			\$ 3,030,323	\$ 1.190.627

Footnotes to Schedules of Expenditures of Awards:

- 1. The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of the City of Idabel and is presented in accordance with the modified cash basis for determining federal awards expended.
- 2. The City has not been notified of any noncompliance with federal award requirements. Any liability for reimbursement which may arise as a result of these auditors cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council City of Idabel, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Idabel, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City of Idabel, Oklahoma's basic modified cash basis financial statements, and have issued our report thereon dated May 15, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Idabel, Oklahoma'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 City of Idabel, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Idabel, Oklahoma'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 City of Idabel, Oklahoma's modified cash basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HBC CDA: + Advine

Oklahoma City, Oklahoma May 15, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and Members of the City Council City of Idabel, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the City of Idabel, Oklahoma's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Idabel, Oklahoma's major federal programs for the year ended June 30, 2019. City of Idabel, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Idabel, Oklahoma's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Idabel, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Idabel, Oklahoma's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Idabel, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance[,]

Management of the City of Idabel, Oklahoma, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Idabel, Oklahoma's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Idabel, Oklahoma's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance possibility that material noncompliance with a type of compliance requirement of a federal program of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance requirement of a federal program that the type of compliance is a deficiency, or a combination of deficiencies, in internal control over compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

(PAS + Advines_

Oklahoma City, Oklahoma May 15, 2020

City of Idabel Schedule of Findings and Questioned Costs For the Year Ended June 30, 2019

I.	Summary of Auditor's Results								
	Financial Statements								
	Type of audit report issued		Unmodified						
	Internal control over financial reporting:								
	Material weaknesses identified?		No						
	• Significant deficiency(ies) identified that considered to be material weaknesses?	None reported							
	Noncompliance which is material to the tastatements noted?	financial	No						
	Federal Awards								
	Internal control over major programs:								
	Material weaknesses identified?		No						
	• Significant deficiency(ies) identified that considered to be material weaknesses?	are not	None reported						
	Type of auditor's report issued on compliance major federal programs:	e for	Unmodified						
	Any audit findings disclosed that are required accordance with 2 CFR 200.516(a)?	to be reported in	No						
	Identification of major programs								
	CDFA Number	Name of Federal Program or Cluster							
	20.106	Airport Improvement Program passed through Oklahoma Aeronautics Commission							
	Dollar threshold to distinguish between Type A and Type B programs		\$750,000						
	Auditee qualities as a low-risk auditee?		No						
II.	Financial Statement Findings								

None noted.

City of Idabel SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended June 30, 2019

There were no prior year audit findings for the period ended June 30, 2018.