# ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Page
Independent Auditor's Report on Financial Statements	1-2
Management's Discussion and Analysis-Other Information	5-11
The Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position (Modified Cash Basis)	12
Statement of Activities (Modified Cash Basis)	13
Governmental Funds Financial Statements:	
Balance Sheet (Modified Cash Basis)	14
Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis)	15
Proprietary Funds Financial Statements:	
Statement of Net Position (Modified Cash Basis)	16
Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis)	17
Statement of Cash Flows (Modified Cash Basis)	18
Notes to the Basic Financial Statements	19-33
Supplementary Information:	
Budgetary Comparison Information	
Budgetary Comparison ScheduleGeneral Fund (Budgetary Basis)	34
Footnotes to the Budgetary Comparison Schedule	35
General Fund Combining Accounts Financial Schedules:	
Combining Balance Sheet Schedule (Modified Cash Basis)	36
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis)	37
Non-Major Govermental Funds Financial Statements:	
Combining Balance Sheet (Modified Cash Basis)	38
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis)	39
IPWA Enterprise Fund Combining Accounts Financial Schedules:	
Combining Schedule of Net Position (Modified Cash Basis)	40
Combining Schedule of Revenues, Expenses and Changes in Net Position (Modified Cash Basis)	41
Federal Awards Information	
Schedule of Expenditures of Federal Awards	42
Single Audit and Internal Control and Compliance Information:	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements	43-44
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	45-46
Schedule of Findings and Questioned Costs	47
Schedule of Prior Year Audit Findings	48



#### **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, 2020, 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, 2020, 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 5-11), the budgetary comparison information (page 34-35), the combining and non-major fund financial statement-modified cash basis (pages 36-41) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards (page 42) is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements—modified cash basis and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional 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 schedule of expenditures of federal awards 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 March 17, 2021, 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.

Oklahoma City, Oklahoma March 17, 2021

HBC CPA: + Advisor

MANAGEMENT'S DISCUSSION AND ANALYSIS

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2020. 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 \$661,932, while the assets of the City exceed its liabilities at June 30, 2020, by \$8,181,726 (net position). Of this amount, \$5,873,056 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2020, the City's governmental funds reported combined total fund balances on a modified cash basis of \$2,652,120.
- At the end of fiscal year 2020, unassigned fund balance on a modified cash basis for the General Fund was \$1,025,651, or 20.0% 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.

Management's Discussion and Analysis As of and for the Year Ended June 30, 2020

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 19-33 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, 2020, net position on a modified cash basis for the governmental and business-type activities decreased \$661,932, or 7.5%.

#### Net Position (Modified Cash Basis) June 30, 2020

	 vernmental Activities	siness-type Activities	Total
Beginning net position	\$ 2,399,971	\$ 6,443,687	\$ 8,843,658
Change in net position	252,149	 (914,081)	 (661,932)
Ending net position	\$ 2,652,120	\$ 5,529,606	\$ 8,181,726

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

	Governmental Activities		% Inc. (Dec.)		Business-type Activities		To Primary G	% Inc. (Dec.)	
	2020	2019		2020	2019		2020	2019	-
Assets	\$ 2,666,490	\$ 2,413,962	10%	\$ 5,744,870	\$ 6,654,723	-14%	\$ 8,411,360	\$ 9,068,685	-7%
Total assets	2,666,490	2,413,962	10%	5,744,870	6,654,723	-14%	8,411,360	9,068,685	-7%
Liabilities	14,370	13,991	3%	215,264	211,036	2%	229,634	225,027	2%
Total liabilities	14,370	13,991	3%	215,264	211,036	2%	229,634	225,027	2%
Net position:									
Restricted	867,860	831,551	4%	1,440,810	2,345,179	-39%	2,308,670	3,176,730	-27%
Unrestricted	1,784,260	1,568,420	14%	4,088,796	4,098,508	0%	5,873,056	5,666,928	4%
Total net position	\$ 2,652,120	\$ 2,399,971	11%	\$5,529,606	\$6,443,687	-14%	\$8,181,726	\$8,843,658	-7%

A portion of the City's net position, \$2,308,670, 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.

#### Changes in Net Position (Modified Cash Basis) Year Ended June 30, 2020

		Governmental Activities		% Inc. (Dec.)				% Inc. (Dec.) Tot				% Inc. (Dec.)
	2020		2019		2020		2019		2020		2019	
Revenues:												
Program revenues:												
Charges for services	\$ 388,500	\$	428,633	-9% \$	3,039,591	\$	2,969,965	2% \$	3,428,091	\$	3,398,598	1%
Operating grants/contributions	225,848	:	194,323	16%	-		-	-	225,848		194,323	16%
Capital grants/contributions and debt proceeds	1,166,517	•	1,147,979	2%	-		-	-	1,166,517		1,147,979	2%
General revenues:												
Sales and use taxes	4,018,962		3,868,431	4%	-		-	-	4,018,962		3,868,431	4%
Other taxes	320,936	,	387,682	-17%	-		-	-	320,936		387,682	-17%
Other general revenue	552,594		364,208	52%	91,057		128,438	-29%	643,651		492,646	31%
Total revenues	6,673,357		6,391,256	4%	3,130,648		3,098,403	1%	9,804,005		9,489,659	3%
				·								
Program expenses:												
General government	524,746	,	525,285	0%	_		_	-	524,746		525,285	0%
Streets	911,318		832,228	10%	_		_	-	911,318		832,228	10%
Public safety	2,279,226	,	2,165,756	5%	_		_	-	2,279,226		2,165,756	5%
Cemetery	196,034		213,000	-8%	-		_	_	196,034		213,000	-8%
Legal and judicial	59,770		59,711	0%	-		_	_	59,770		59,711	0%
Culture and recreation	54,388		52,099	4%	_		_	_	54,388		52,099	4%
Community development	224,642		204,764	10%	_		_	_	224,642		204,764	10%
Airport	1,438,574		1,431,829	0%	_		_	_	1,438,574		1,431,829	0%
Maintenance	66,303		65,025	2%	_		_	_	66,303		65,025	2%
Industrial development	120,050		118,089	2%	_		_	_	120,050		118,089	2%
Principal Retirement	111,430		119,962	-7%					111,430		119,962	-7%
Interest and fiscal agent fees	110,570		131,531	-16%	_		_	_	110,570		131,531	-16%
Water operations	110,570		151,551	-1070	2,198,431		4,427,497	-50%	2,198,431		4,427,497	-50%
Sewer operations			_		753,560		860,495	-12%	753,560		860,495	-12%
Sanitation operations	-			-	794,876		798,925	-1%	794,876		798,925	-1%
Landfill operations				_	385,547		275,383	40%	385,547		275,383	40%
Governmental Principal Retirement	-		_	-	92,267		126,689	-27%	92,267		126,689	-27%
Governmental Interest Expense	-		-	-	144,205		148,156	-3%	144,205		148,156	-3%
Total expenses	6,097,051		5,919,279	3%	4,368,886	_	6,637,145	-34%	10,465,937	_	12,556,424	-17%
Total expenses	0,097,031		3,919,279	370	4,500,000	_	0,037,143	-34/0	10,405,957		12,330,424	-1//0
Excess (deficiency)												
before transfers	576,306		471,977	22%	(1,238,238)		(3,538,742)	-65%	(661,932)		(3,066,765)	-78%
Net transfers in (out)	(324,157		(299,682)	8%	324,157		299,682	8%	(001,732)		(3,000,703)	-7670
Net transfers in (out)	(324,137	<del>/</del> —	(277,002)	. 670	324,137		277,002	. 878				-
Increase (decrease)												
in net position	\$ 252,149	\$	172,295	46%_\$_	(914,081)	\$	(3,239,060)	-72%_\$	(661,932)	\$	(3,066,765)	-78%
Net position - beginning	2,399,971		2,227,676	8%	6,443,687		9,682,747	-33%	8,843,658		11,910,423	-26%
Net position - ending	\$ 2,652,120	\$	2,399,971	11%_\$	5,529,606	\$	6,443,687	-14% \$	8,181,726	\$	8,843,658	-7%

#### **Governmental Activities**

The City's governmental activities had an increase in net position of \$252,149 compared to the prior year, and the current year increase was approximately \$80,000 more than the prior year increase. Overall, this is primarily due to an increase in program revenues offset with increases in program expenses and net transfers out. Specific significant changes in the following areas of revenues, expenses, and transfers are noted below:

- Program revenues increased approximately \$282,000, mainly due to increases in operating grants/contributions, sales and use taxes, and other general revenue in 2020.
- Program expenses increased approximately \$178,000, mainly due to increases in capital outlays for Streets and Public Safety, and increases in salaries and benefits for Community Development in the Nutrition Center in 2020.
- Net transfers out increased approximately \$25,000, mainly due to increases in transfers of capital outlays from the General Fund to the IPWA in 2020.

#### Net Revenue (Expense) of Governmental Activities

	 Total Expense of Services			% Inc (Dec)	Net Ro (Expo of Sei	ense)		% Inc (Dec)	
	 2020		2019		 2020		2019		
General government	\$ 524,746	\$	525,285	-0.1%	\$ (423,995)	\$	(418,850)	1.2%	
Streets	911,318		832,228	9.5%	(851,473)		(778,590)	9.4%	
Public safety	2,279,226		2,165,756	5.2%	(2,113,960)		(1,991,184)	6.2%	
Cemetery	196,034		213,000	-8.0%	(193,475)		(210,114)	-7.9%	
Legal and judicial	59,770		59,711	0.1%	(59,770)		(59,711)	0.1%	
Culture and recreation	54,388		52,099	4.4%	(31,802)		(52,099)	-39.0%	
Community development	224,642		204,764	9.7%	(158,532)		(140,809)	12.6%	
Airport	1,438,574		1,431,829	0.5%	(74,826)		(62,380)	20.0%	
Maintenance	66,303		65,025	2.0%	(66,303)		(65,025)	2.0%	
Industrial development	120,050		118,089	1.7%	(120,050)		(118,089)	1.7%	
Principal Retirement	111,430		119,962	-7.1%	(111,430)		(119,962)	-7.1%	
Interest and fiscal agent fees	 110,570		131,531	-15.9%	 (110,570)		(131,531)	-15.9%	
Total	 \$6,097,051		\$5,919,279	3.0%	\$ (4,316,186)	\$	(4,148,344)	4.0%	

#### **Business-type Activities**

The City's business-type activities had a decrease in net position of \$914,081compared to the prior year; however, the current year decrease was approximately \$2.3 million less than the prior year decrease. This is primarily due to a decrease of capital outlays for IPWA capital projects, specifically the elevated water storage tanks project in 2020.

#### Net Revenue (Expense) of Business-Type Activities

	 Total Expense of Services		% Inc (Dec)	Net Re (Expe of Ser			)	% Inc (Dec)	
	 2020		2019			2020	_	2019	
Water operations	\$ 2,198,431	\$	4,427,497	-50.3%	\$	(1,156,977)	\$	(3,394,170)	-65.9%
Wastewater operations	753,560		860,495	-12.4%		(39,201)		(139,682)	-71.9%
Sanitation operations	794,876		798,925	-0.5%		83,305		71,863	15.9%
Landfill operations	385,547		275,383	40.0%		20,050		69,654	-71.2%
Governmental Principal Retirement	92,267		126,689	-27.2%		(92,267)		(126,689)	-27.2%
Governmental Interest Expense	 144,205		148,156	-2.7%		(144,205)		(148,156)	-2.7%
Total	\$ 4,368,886	\$	6,637,145	-34.2%	\$	(1,329,295)	\$	(3,667,180)	-63.8%

Management's Discussion and Analysis As of and for the Year Ended June 30, 2020

#### A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2020 fiscal year, the governmental funds reported a combined total fund balance of \$2,652,120. For the year ended June 30, 2020, the General Fund's total fund balance increased by \$215,145, or 18.5%.

#### **Budgetary Highlights**

Total revenues exceeded the amount budgeted by \$92,764, or 2.2%, while total expenditures and transfers out were less than the amount budgeted by \$574,003, or 12.2%.

#### 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 2021 fiscal year are each budgeted to slightly decrease approximately \$3,000.
- The IPWA revenues and expenses for the 2021 fiscal year are each budgeted to remain steady with no increase or decrease.

#### 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.

Statement of Net Position (Modified Cash Basis) June 30, 2020

ASSETS	Governmental Activities	Business-type Activities	<u>Total</u>	IIDA Component <u>Unit</u>
Cash and Cash Equivalents	\$ 1,799,214	\$ 2,549,301	\$ 4,348,515	\$ 518,065
Investments	860,641	3,189,612	4,050,253	901,444
Due from other governments	3,175	-	3,175	-
Other receivables	3,460	5,957	9,417	_
Total Assets	2,666,490	5,744,870	8,411,360	1,419,509
LIABILITIES				
Due to other governments	1,148	_	1,148	_
Due to bondholders	13,222	_	13,222	_
Due to depositors	, -	215,264	215,264	-
Total liabilities	14,370	215,264	229,634	
NET POSITION				
Restricted for:				
Grant purposes	576,715	-	576,715	-
Library	281,238	-	281,238	-
Nutrition	9,907	-	9,907	-
Other purposes	-	1,334,817	1,334,817	-
Debt service	-	105,993	105,993	-
Unrestricted	1,784,260	4,088,796	5,873,056	1,419,509
Total net position	\$ 2,652,120	\$ 5,529,606	\$ 8,181,726	\$ 1,419,509

Statement of Activities (Modified Cash Basis) For the Year Ended June 30, 2020

					Net (Expense) Revenue and Changes in Net P					osition
			Program Revenue				Primary Governmen	ıt		
				Capital Grants,						
			Operating	Contributions						
		Charges for	Grants and	and Debt	Gov	ernmental	Business-type			IIDA Component
Functions/Programs	Expenses	Services	Contributions	Proceeds		ctivities	Activities		Total	Unit
Primary government	Expenses	00111000	<u>oonarbaaono</u>	11000000	_	toti vitio o	HOUTHIOS	-	<u>rotar</u>	<u>o</u>
Governmental Activities										
General Government	\$ 524,746	\$ 40,311	\$ 56,765	\$ 3,675	s	(423,995)	\$ -	\$	(423,995)	\$ -
		5 40,311		\$ 3,073	3	. , ,	5 -	3		3 -
Streets	911,318	-	59,845	-		(851,473)	-		(851,473)	-
Public Safety	2,279,226	122,138	43,128	-		(2,113,960)	-		(2,113,960)	-
Cemetery	196,034	2,559	-	-		(193,475)	-		(193,475)	-
Legal and judicial	59,770	-	-			(59,770)	-		(59,770)	-
Culture and Recreation	54,388	-	-	22,586		(31,802)	-		(31,802)	-
Community development	224,642	-	66,110	-		(158,532)	-		(158,532)	-
Airport	1,438,574	223,492	-	1,140,256		(74,826)	-		(74,826)	-
Maintenance	66,303	-	-	-		(66,303)	-		(66,303)	-
Industrial Development	120,050	-	-	-		(120,050)	-		(120,050)	-
Principal Retirement	111,430	-	-	-		(111,430)	-		(111,430)	-
Interest on Long-term debt	110,570	-	-	-		(110,570)	-		(110,570)	-
Total governmental activities	6,097,051	388,500	225,848	1,166,517		(4,316,186)	-		(4,316,186)	-
Business-type activities:										
Water	2,198,431	1,041,454					(1,156,977)		(1,156,977)	
Wastewater	753,560	714,359	-	-		-	(39,201)		(39,201)	
	,		-	-		-	. , ,			
Sanitation	794,876	878,181	-	-		-	83,305		83,305	
Landfill	385,547	405,597	-	-		-	20,050		20,050	
Governmental Principal Retirement	92,267	-	•	-		-	(92,267)		(92,267)	
Governmental Interest Expense	144,205	2.020.501					(144,205)		(144,205)	
Total business-type activities	4,368,886	3,039,591					(1,329,295)		(1,329,295)	
Total primary government	10,465,937	3,428,091	225,848	1,166,517		(4,316,186)	(1,329,295)		(5,645,481)	
Component Units										
Industrial Development Authority	248,083	12,150	-	-						(235,933)
Total Component Units	248,083	12,150	-	_						
	General revenues:									
	Taxes:									
	Sales and use tax	es			S	4,018,962	\$ -	S	4,018,962	\$ 120,050
	Occupation taxes					41,490	· -		41,490	-
	Hotel/motel taxes					56,872	_		56,872	_
		nd public service taxes				222,574	_		222,574	_
		evenue not restricted to	specific programs			232,778	_		232,778	2,750
	Unrestricted investi		specific programs			22,873	91,057		113,930	26,316
	Miscellaneous	ikiit cainings				296,943	71,037		296,943	22,850
	Transfers					(324,157)	324,157		270,743	22,030
		evenues and transfers				4,568,335	415,214		4,983,549	171,966
						252,149	(914,081)		(661,932)	(63,967)
	Change in ne									
	Net position - beginni Net position - ending	пg			•	2,399,971 2,652,120	\$ 5,529,606	S	8,843,658 8,181,726	1,483,476 \$ 1,419,509
	net position - ending				3	2,032,120	φ 5,529,00b	)	0,101,/20	s 1,419,509

Governmental Funds Balance Sheet (Modified Cash Basis) June 30, 2020

	General Fund		Snecia	l Grant Fund	Gov	Other ernmental Funds	Total Governmental Funds		
ASSEIS	Gen	ici ai runu	Бреста	orant runu		Tunus	-	Tunus	
Cash and cash equivalents	\$	951,717	\$	576,715	\$	270,782	\$	1,799,214	
Investments		860,641		-		-		860,641	
Due from other governments		3,175		-		-		3,175	
Due from other funds		-		-		21,568		21,568	
Other receivables		3,460		-		-		3,460	
Total assets		1,818,993		576,715		292,350		2,688,058	
LIABILITIES AND FUND BALANCES Liabilities:									
Due to other governments		1,148		_		_		1,148	
Due to other funds		21,568		_		_		21,568	
Due to bondholders		13,222		_				13,222	
Total liabilities		35,938		-		_	-	35,938	
F			,		,				
Fund balances: Restricted for:									
				576 715				576 715	
Grant purposes		-		576,715		201.220		576,715	
Library		-		-		281,238		281,238	
Nutrition		-		-		9,907		9,907	
Assigned to:		264.055						264.055	
Next year's budget		364,957		-		-		364,957	
Cemetery		220,291		-		-		220,291	
Airport		154,429		-		-		154,429	
Police		17,727		-		-		17,727	
Library		-		-		8,577		8,577	
Unassigned (deficit)		1,025,651		-		(7,372)		1,018,279	
Total fund balances		1,783,055		576,715		292,350		2,652,120	
Total liabilities and fund balances	\$	1,818,993	\$	576,715	\$	292,350	\$	2,688,058	

**CITY OF IDABEL, OKLAHOMA**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis)
For the Year Ended June 30, 2020

	General Fund		Spe	ecial Grant Fund	Gov	Other ernmental Funds	Total Governmental Funds	
REVENUES								
Taxes	\$	4,285,179	\$	-	\$	122,982	\$	4,408,161
Intergovernmental		366,511		1,261,809		-		1,628,320
Charges for services		232,201		-		-		232,201
Fees and fines		121,618		-		-		121,618
Licenses and permits		38,968		-		-		38,968
Investment earnings		21,190		812		871		22,873
Miscellaneous:								
Donations		-		95,415		58,600		154,015
Other		67,201						67,201
Total revenues		5,132,868		1,358,036		182,453		6,673,357
EXPENDITURES								
Current:								
General government		445,850		-		-		445,850
Streets and highways		740,778		-		-		740,778
Public Safety		2,138,111		30,359		1		2,168,471
Cemetery		176,834		-		-		176,834
Legal and judicial		59,770		-		-		59,770
Culture and recreation		39,877		4,092		8,997		52,966
Community support		148,503		-		75,743		224,246
Airport		240,731		-		-		240,731
Maintenance		68,881		-		-		68,881
Industrial development		120,050		-		-		120,050
Capital Outlay		130,151		1,446,323		-		1,576,474
Debt Service:								
Principal		36,682		4,000		70,748		111,430
Interest and other charges		9,318		-		101,252		110,570
Total Expenditures		4,355,536		1,484,774		256,741		6,097,051
Excess (deficiency) of revenues over								
expenditures		777,332		(126,738)		(74,288)		576,306
OTHER FINANCING SOURCES (USES)								
Transfers in		805,776		353,164		64,866		1,223,806
Transfers out		(1,367,963)		(180,000)		´ -		(1,547,963)
Total other financing sources and uses		(562,187)		173,164		64,866		(324,157)
Net change in fund balances		215,145		46,426		(9,422)		252,149
Fund balances - beginning		1,567,910		530,289		301,772		2,399,971
Fund balances - ending	\$	1,783,055	\$	576,715	\$	292,350	\$	2,652,120

**CITY OF IDABEL, OKLAHOMA**Proprietary Fund Statement of Net Position (Modified Cash Basis) June 30, 2020

	Idabel F Works A		
ASSETS			
Current assets:			
Cash and cash equivalents	\$	2,495,686	
Investments		1,587,153	
Other receivables		5,957	
Total current assets		4,088,796	
Non-current assets:		_	
Restricted:			
Cash and cash equivalents		53,615	
Investments		1,602,459	
Total non-current assets		1,656,074	
Total assets		5,744,870	
LIABILITIES			
Non-current liabilities:			
Due to depositors		215,264	
Total non-current liabilities		215,264	
Total liabilities		215,264	
NET POSITION			
Restricted for debt service		105,993	
Restricted for other purposes		1,334,817	
Unrestricted		4,088,796	
Total net position	\$	5,529,606	

Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position
(Modified Cash Basis)
For the Year Ended June 30, 2020

	abel Public ks Authority
REVENUES	
Water	\$ 1,004,344
Sewer	689,865
Sanitation	851,019
Landfill	393,358
Water taps	4,900
Sewertaps	2,400
Penalties	39,801
Reconnect fees	32,683
Transfer fees	2,075
Insufficient check charges	700
Miscellaneous	 18,445
Total operating revenues	 3,039,590
OPERATING EXPENSES	
Managerial	82,012
Water	677,298
Sanitation	718,777
Landfill	244,603
Lift station	99,300
Filter plant	403,106
Sewer plant	323,441
Sewer-other	235,740
Total Operating Expenses	2,784,277
Operating income	255,313
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	91,057
Capital outlay	(1,282,810)
Debt service:	(-,,,)
Principal retirement	(151,923)
Interest expense	(149,875)
Total non-operating revenue (expenses)	(1,493,551)
Income (loss) before transfers	(1,238,238)
Transfers in	1,364,944
Transfers out	(1,040,787)
Change in net position	(914,081)
Total net position - beginning	6,443,687
Total net position - ending	\$ 5,529,606
	 2,22,000

**CITY OF IDABEL, OKLAHOMA**Proprietary Fund Statement of Cash Flows (Modified Cash Basis) For the Year Ended June 30, 2020

		abel Public ks Authority
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$	3,033,708
Payments to suppliers		(1,535,209)
Payments to employees		(1,248,155)
Receipts of customer meter deposits		32,931
Refunds of customer meter deposits		(28,703)
Net cash provided by operating activities		254,572
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds		1,364,944
Transfers to other funds		(1,040,787)
Net cash provided by noncapital financing activities		324,157
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets		(1,282,810)
Principal paid on debt		(151,923)
Interest and fiscal agent fees paid on debt		(149,875)
Net cash provided by (used in) capital and related financing activities		(1,584,608)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments		893,267
Interest and dividends		91,057
Net cash provided by investing activities		984,324
Net increase (decrease) in cash and cash equivalents		(21,555)
Balances - beginning of year		2,570,856
Balances - end of year	\$	2,549,301
Reconciliation to Statement of Net Position:		
Cash and cash equivalents		2,495,686
Restricted cash and cash equivalents - noncurrent		53,615
Total cash and cash equivalents, end of year		2,549,301
Reconciliation of operating income to net cash provided by		
operating activities:	¢.	255 212
Operating income	\$	255,313
Change in assets and liabilities:  Due from other funds		012
		913
Accounts receivable		(5,882)
Deposits subject to refund	<u> </u>	4,228
Net cash provided by operating activities	\$	254,572

#### 1. Summary of Significant Accounting Policies

#### A. Financial Reporting Entity

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

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

#### The City of Idabel, Oklahoma (the City)

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

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

#### The Idabel Public Works Authority (Authority)

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

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

#### The McCurtain County Regional Airport Authority

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

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

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

#### The Idabel Industrial Development Authority

The Idabel Industrial Development Authority (IIDA) meets the criteria for a component unit as approval is required of the City Council for any issuance of debt. The financial data of the Authority as of and for the year ended June 30, 2020, 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, 2020, from these financial statements. Separate financial statements may be obtained at the IPGA's office.

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

#### B. Basis of Presentation and Accounting

#### Government-Wide Financial Statements:

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

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

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

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

- General Government—licenses, permit, capital grants and contributions
- Public Safety—fines, forfeitures, operating grants and contributions
- Streets and Highways—commercial vehicle and gasoline excise tax shared by the State, operating
  grants and contributions
- Culture and Recreation—capital grants and contributions
- Cemetery—cemetery revenues
- Airport—fuel sales, hangar rentals and capital grants and contributions
- Sanitation—sanitation charges
- Community development—operating grants and contributions
- Water water charges and capital grants and long-term debt proceeds
- Wastewater wastewater charges
- Landfill landfill charges

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

#### **Governmental Funds:**

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

#### **Major Funds:**

- General Fund—accounts for general operations of the City, including public safety, parks, public
  facilities, airport, sanitation, and street maintenance. This fund also includes the LETN, MCRA
  Fuel Farm, and Cemetery Maintenance Accounts.
- Special Grant Project Fund—accounts for miscellaneous grants.

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

#### Special Revenue Funds:

- Federal Nutrition Fund—accounts for annual Kiamichi Area Nutrition Program grants.
- Emergency Food and Shelter Grant Fund—accounts for grants received from the Emergency Food and Shelter Program.
- Idabel Library Fund—accounts for revenues associated with improvements of the Idabel Library.

#### 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. Nonspendable includes amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact.
- b. <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, 2020, the City recognized \$113,930 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, 2020, the primary government held the following deposits and investments:

Туре		Carrying Value	Credit Rating	Maturity Date	Market Value
Deposits:					
Demand deposits	\$	4,348,515	N/A	N/A	N/A
Time deposits		3,932,611	N/A	Due within one year	N/A
Investments					
Federated Treasury Obligations Fund	\$	117,642	N/A	N/A	N/A
<b>Total Deposits and Investments</b>	\$	8,398,768			
Reconciliation to Statement of Net Pos	sition	:			
Cash and cash equivalents	\$	4,348,515			
Investments		4,050,253			
	\$	8,398,768			

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

As of June 30, 2020, 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, 2020, 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, 2020, 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, 2020 are as follows:

	Cu	ırrent		Noncurrent					
Type of Restricted Assets		Cash and cash equivalents		Cash and cash equivalents		Investments			
Utility Deposits Landfill Reserve Trustee Accounts	\$	- - -	\$	53,615	\$	150,000 1,334,817 117,642			
Total	\$	<u>-</u>	\$	53,615	\$	1,602,459			

#### Component Unit—Idabel Industrial Development Authority (IIDA)

For the year ended June 30, 2020, the IIDA recognized \$26,316 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, 2020, the IIDA held the following deposits and investments:

Туре		Carrying Value	Credit Rating	Maturity Date	Market Value
Deposits:					
Demand deposits	\$	518,065	N/A	N/A	N/A
Time deposits		901,444	N/A	Due within one year	N/A
<b>Total Deposits</b>	\$	1,419,509			
Reconciliation to Statement of Ne	t Position	:			
Cash and cash equivalents	\$	518,065			
Investments		901,444			
	\$	1,419,509			

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, 2020, the IIDA held no such qualifying investments; therefore, no such risk as stated above.

#### 3. Sales Tax Revenue

Sales tax revenue represents a 3 cent tax on each dollar of taxable sales, and is received and recorded in the General Fund. In 2006, the City Council adopted a resolution whereby the proceeds of the sales tax were to be appropriated (transferred) to the trustees of the Idabel Public Works Authority, as needed, for use in operating and maintaining the facilities and paying the debt secured by such facilities. During the year ending June 30, 2020, 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, 2020, was \$215,264.

#### 6. Notes Receivable

#### Component Unit

The Idabel Industrial Development Authority had two notes outstanding as of June 30, 2020. These notes are summarized as follows:

#### McCurtain County Memorial Hospital

On September 19, 2019, and November 26, 2019, the Authority made short-term loans of \$200,000, each, totaling \$400,000, to McCurtain County Memorial Hospital, which was subsequently collected in two separate payments of \$200,000, each, on January 3, 2020, and April 22, 2020, 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:

	_	Balance /30/2019	A	dditions	De	eductions	_	alance 30/2020	Due W One Ye	
McCurtain County Memorial Hospital	\$	-	\$	400,000	\$	(400,000)	\$	-	\$	-
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)		-
Southeast Machine		-		-		-		-		-
Total	\$	_	\$	400,000	\$	(400,000)	\$	-	\$	-

#### 7. Internal and Interfund Balances and Transfers

Internal balances between funds and activities for the year ended June 30, 2020 were as follows:

#### **Balances**

Due From	ue From Due To		nount	Nature of Balance
General Fund	Library Fund	\$	21,568	Hotel/Motel Tax Revenue
		\$	21,568	

#### Reconciliation to Fund Financial Statements and Statement of Net Position:

	Due From		1	Due To	Net Balances	
Governmental Funds	\$	21,568	\$	(21,568)	\$	-
Proprietary Funds		-		-		-
Total	\$	21,568	\$	(21,568)	\$	-

#### <u>Transfers</u>

Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund IPWA IPWA General Fund Special Grant Fund Special Grant Fund General Fund General Fund General Fund Cemetery Maintenance MCRA Fuel Farm	IPWA General Fund Special Grant Fund Special Grant Fund IPWA Library Fund Federal Nutrition General Fund General Fund	1,234,944 798,000 241,874 111,290 130,000 50,000 14,866 4,688 2,175	Purpose of Transfer  Transfer of Sales Tax Return of unused of Sales Tax Transfer of Capital Outlay Transfer of Capital Outlay Transfer of Capital Outlay Correction of prior year deposit Operating Subsidy Operating Subsidy Operating Subsidy Operating Subsidy
IPWA	General Fund	913 \$ 2,588,750	Operating Subsidy

#### Reconciliation to Fund & Government Wide Financial Statements:

	Tı	ransfers In	Tr	ansfers Out	r SRECNA	per SOA
Governmental Funds	\$	1,223,806	\$	(1,547,963)	\$ (324,157)	\$ (324,157)
Proprietary Funds		1,364,944		(1,040,787)	 324,157	324,157
Total	\$	2,588,750	\$	(2,588,750)	\$ -	\$ -

#### 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. 63<sup>rd</sup> 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 \$1,830,555 in 2020.

#### **Summary of Contributions**

City of Idabel			Oklahon	ahoma Firefighter's Pension Oklahoma Police Pen				Pension		
	Retirement I	Fund	and Retirement System				and Retirement System			
Fiscal	Employee	Employer	Fiscal	Required	Percentage	Fiscal	Required	Percentage		
Year	Contribution	Contribution	Year	Contribution	Contributed	Year	Contribution	Contributed		
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%		
2020	63,153	237,972	2020	59,460	100%	2020	90,970	100%		

#### 10. Commitments and Contingencies

#### **Long-Term Debt and Debt Service Requirements**

For the year ended June 30, 2020, the reporting entity's long-term debt changed as follows:

	Balance			Balance	Due Within
Type of Debt	July 1, 2019	Additions	Deductions	June 30, 2020	One Year
Governmental Activities:					
Notes payable (direct borrowing)	\$ 2,042,379	\$ 19,451	\$ 90,199	\$ 1,971,631	\$ 62,951
Capital lease payable	225,718	80,482	21,232	284,968	61,701
Total Governmental Activities	\$ 2,268,097	\$ 99,933	\$ 111,431	\$ 2,256,599	\$ 124,652
Business-Type Activities:  Notes payable (direct borrowings) Capital lease payable  Total Business-Type Activities	\$ 4,041,671 147,071 \$ 4,188,742	\$ - - \$ -	\$ 104,535 47,389 \$ 151,924	\$ 3,937,136 99,682 \$ 4,036,818	\$ 101,389 49,005 \$ 150,394
Total Long-Term Debt	\$ 6,456,839	\$ 99,933	\$ 263,355	\$ 6,293,417	\$ 275,046

#### Governmental activities:

At June 30, 2020, 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 principal and interest not paid when due shall bear interest at the rate of fourteen percent (14%) per annum.

Total Notes Payable	\$ 1,971,631
Current portion	62,951
Noncurrent portion	 1,908,680
Total Notes Payable	\$ 1,971,631

\$

#### 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.

204,485

1,971,631

\$80,483 lease obligation for the purchase of three 2019 Chevy Tahoe PPV's with emergency lights and equipment, payable in two annual installments of \$41,945 with an annual interest rate of 2.81%, and final payment due February 2022.

80,483

Total Capital Leases Payable	\$ 284,968
Current portion	61,701
Non-Current portion	223,267
Total Capital Leases Payable	\$ 284,968

#### **Business-type activities:**

Long-term commitments payable from net revenues generated by the utility resources or other resources pledged to the City's business-type activities at June 30, 2020, 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.

\$ 27,136

3,910,000

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 14% from date of default until date of payment.

Total Notes Payable	\$ 3,937,136
Current portion	101,389
Noncurrent portion	3,835,747
Total Notes Payable	\$ 3.937.136

\$

#### 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.

Total Capital Lease Payable	\$ 99,682			
Current portion	49,005			
Noncurrent portion	50,677			
Total Capital Lease Payable	\$ 99,682			

#### Due to Depositors:

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

215,264

99,682

Noncurrent Portion of Due to Depositors

\$ 215,264

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

	Governmental Activities					
Year Ending June 30, 2020	Notes P	ayable	Capital			
	(direct borrowing)		Lease Obligations			
	<u>Principal</u>	<u>Interest</u>	Principal	<u>Interest</u>		
2021	62,951	109,049	61,701	9,940		
2022	66,413	105,587	63,690	7,954		
2023	70,066	101,934	23,800	5,902		
2024	73,920	98,080	24,732	4,973		
2025	77,985	94,015	25,727	3,981		
2026-2030	459,181	400,819	85,318	5,699		
2031-2035	600,131	259,869	-	-		
2036-2039	560,984	77,753	-	-		
Totals	\$ 1,971,631	\$ 1,247,106	\$ 284,968	\$ 38,449		

	Business Type Activiti					vities		
Year Ending June 30, 2020	Notes Payable							
	(direct borrowings)			C	apital Lease	Oblig	gation	
	<u>P</u>	rincipal	<u>I</u>	nterest	<u>Principal</u>		<u>Interest</u>	
2021	\$	101,389	\$	140,669	\$	49,005	\$	3,399
2022		90,747		137,183		50,677		1,728
2023		90,000		133,900		-		-
2024		90,000		130,570		-		-
2025		95,000		127,610		-		-
2026-2030		530,000		580,980		-		-
2031-2035		650,000		463,975		-		-
2036-2039		760,000		345,706		-		-
2040-2044		905,000		199,751		-		-
2045-2048		625,000		35,243		-		-
Totals	\$	3,937,136	\$	2,295,587	\$	99,682	\$	5,127

Notes to the Financial Statements For the Year Ended June 30, 2020

#### Landfill Closure and Post-Closure Requirements

At June 30, 2020, the Idabel Public Works Authority had \$1,334,817 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 \$487,131 for closure and \$841,185 for post-closure with the total amount of \$1,328,316. This amount is based upon what it would cost to perform all closure and post-closure care in 2021. 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, 2020, is \$126,590 for the General Fund and \$31,795 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 2020, 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.

	Budg	eted	Amo	ounts	nal Amounts,	Fin	riance with al Budget - we (Negative)
General Fund	Origina			Final	 		
Beginning Budgetary Fund Balance:	\$ 450,0	_	\$	450,000	\$ 1,173,841	\$	723,841
	,			ŕ			
RESOURCES (INFLOWS):	2.050.0	00		2.050.000	2.024.624		64.724
Taxes	2,859,9			2,859,900	2,924,634		64,734
Intergovernmental	205,0	00		205,000	366,511		161,511
Charges for services	145.0	-		1.15.000	1,495		1,495
Fees and fines	145,0			145,000	121,618		(23,382)
Licenses and permits	100,5			100,500	38,968		(61,532)
Investment earnings	10,0			10,000	19,294		9,294
Miscellaneous	134,2			134,250	67,118		(67,132)
Other Financing Sources - Transfers In	798,0	00		798,000	 805,776		7,776
Total Resources	4,252,6	50_		4,252,650	4,345,414		92,764
Amounts available for appropriation	4,702,6	50		4,702,650	 5,519,255		816,605
CHARGES TO APPROPRIATIONS (OUTFLOWS):							
Departmental:							
General Government:							
City manager	95,0	65		95,065	90,284		4,781
City clerk	191,7			191,700	187,291		4,409
General government	173,5			173,571	120,967		52,604
Ordinance code inspector	63,2			63,214	47,921		15,293
Street:		-			.,,,==		,
Street	856,4	50		856,450	744,473		111,977
Public Safety:				,	, , , , , , ,		,-,-
Police	1,655,0	25		1,655,025	1,533,289		121,736
Fire	731,3			731,375	688,691		42,684
Cemetery	218,3			218,300	174,716		43,584
Legal and Judicial:	210,5	00		210,500	171,710		15,501
City Judge	44,0	80		44,080	42,689		1,391
City Attorney	36,9			36,960	17,081		19,879
Culture and Recreation:	30,7	00		50,700	17,001		17,077
Library	40,4	20		40,420	33,158		7,262
Parks	56,0			56,000	6,719		49,281
Community Support:	30,0	00		30,000	0,719		49,201
Nutrition	186,2	10		186,210	148,853		37,357
Senior Citizen	100,2	10		100,210	140,033		
	155,2	- 60		155,260	103,538		(46) 51,722
Airport	78,9				ŕ		10,089
Maintenance				78,970	68,881		10,089
Industrial Development	120,0			120,050	 120,050		<del>-</del>
Total Charges to Appropriations	4,702,6	50_		4,702,650	 4,128,647		574,003
Excess (deficiency) of revenues over expenditures	(450,0	00)		(450,000)	 216,767	-	666,767
Ending Budgetary Fund Balance	\$		\$		\$ 1,390,608	\$	1,390,608

(UNAUDITED)

34

#### 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:

	Pe	r Statement							(	Cemetery	Pe	r Budgetary
	of Changes in			Reclass	Reclass LETN		MCRA Fuel		Maintenance		Comparison	
	Fu	nd Balance	tr	ansfers out		Fund	F	arm Fund	Fund		Schedule	
Resources (Inflows):												
Total Revenues	\$	5,132,868	\$	(1,360,545)	\$	(5,757)	\$	(222,811)	\$	(4,117)	\$	3,539,638
Transfers in		805,776		-		-		-		-		805,776
Fund balance, beginning		1,567,910		-		(20,435)		(131,454)		(242,180)		1,173,841
Total Revenues and Other Financing Sources		7,506,554		(1,360,545)		(26,192)		(354,265)		(246,297)		5,519,255
Charges to Appropriations (Outflows):												
Total Expenditures		4,355,536		-		(7,910)		(197,661)		(21,318)		4,128,647
Transfers Out		1,367,963		(1,360,545)		(555)		(2,175)		(4,688)		
Total Expenditures and Other Financing Uses		5,723,499	_	(1,360,545)		(8,465)		(199,836)		(26,006)		4,128,647
<b>Ending Fund Balance</b>	\$	1,783,055	\$		\$	(17,727)	\$	(154,429)	\$	(220,291)	\$	1,390,608

(UNAUDITED)

ASSETS	General Fund	LETN	MCRA Fuel Farm	Cemetery Maintenance	Total General Fund
Cash and cash equivalents	\$ 609,431	\$ 17,727	\$ 154,429	\$ 170,130	\$ 951,717
Investments	810,480	\$ 17,727	\$ 134,429	50,161	860,641
Due from other governments	3,175	-	-	50,101	3,175
Other receivables		-	-	-	,
Total assets	3,460 1,426,546	17.727	154 420	220,291	3,460 1,818,993
Total assets	1,420,340	17,727	154,429	220,291	1,616,773
LIABILITIES AND FUND BALANC	CES				
Liabilities:					
Due to other governments	1,148	-	-	-	1,148
Due to other funds	21,568	-	-	-	21,568
Due to bondholders	13,222				13,222
Total liabilities	35,938				35,938
FUND BALANCES					
Assigned to:					
Next year's budget	364,957	-	-	-	364,957
Cemetery	-	-	=	220,291	220,291
Airport	-	-	154,429	-	154,429
Police	-	17,727	-	-	17,727
Unassigned	1,025,651	-	-	-	1,025,651
Total fund balances	1,390,608	17,727	154,429	220,291	1,783,055
Total liabilities and fund balances	\$ 1,426,546	\$ 17,727	\$ 154,429	\$ 220,291	\$ 1,818,993

	Gei	neral Fund	LETN	MCRA Fuel Farm	Cemetery Maintenance	То	tal General Fund
REVENUES							
Taxes	\$	4,285,179	\$ -	\$ -	\$ -	\$	4,285,179
Intergovernmental		366,511	-	-	-		366,511
Charges for services		1,495	5,713	222,517	2,476		232,201
Fees and fines		121,618	-	-	-		121,618
Licenses and permits		38,968	-	-	-		38,968
Investment income		19,294	44	294	1,558		21,190
Miscellaneous		67,118		<u> </u>	83		67,201
Total revenues		4,900,183	5,757	222,811	4,117		5,132,868
EXPENDITURES							
General government		445,850	-	-	-		445,850
Streets and highways		740,778	-	-	-		740,778
Public Safety		2,130,201	7,910	-	-		2,138,111
Cemetery		174,716	-	-	2,118		176,834
Legal and judicial		59,770	-	=	-		59,770
Culture and recreation		39,877	-	=	-		39,877
Community support		148,503	-	-	-		148,503
Airport		103,538	-	137,193	-		240,731
Maintenance		68,881	-	-	-		68,881
Industrial development		120,050	-	-	-		120,050
Capital Outlay		50,483	-	60,468	19,200		130,151
Debt Service:							
Principal		36,682	-	-	-		36,682
Interest and other charges		9,318					9,318
Total Expenditures		4,128,647	7,910	197,661	21,318		4,355,536
Excess (deficiency) of revenues over							
expenditures		771,536	(2,153)	25,150	(17,201)		777,332
OTHER FINANCING SOURCES (USES)							
Transfers in		805,776	-	-	-		805,776
Transfers out		(1,360,545)	(555)	(2,175)	(4,688)		(1,367,963)
Total other financing sources and uses		(554,769)	(555)	(2,175)	(4,688)		(562,187)
Net change in fund balances		216,767	(2,708)	22,975	(21,889)		215,145
Fund balances - beginning		1,173,841	20,435	131,454	242,180		1,567,910
Fund balances - beginning Fund balances - ending	\$	1,390,608	\$ 17,727	\$ 154,429	\$ 220,291	\$	1,783,055
Tana Samires Chang	Ψ	1,370,000	Ψ 11,121	φ 137,729	Ψ 220,291	Ψ	1,705,055

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUND	T 1 0 1
	Federal Nutrition	Emergency Food & Shelter	Library	Transportation Enhancement	Total-Other Governmental Funds
ASSETS		Φ.	<b>A A CO A 1 T</b>	Φ.	<b>4 25 5 2</b>
Cash and cash equivalents	\$ 2,535	\$ -	\$ 268,247	\$ -	\$ 270,782
Due from other funds	- 2.525		21,568		21,568
Total assets	2,535		289,815		292,350
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds					
Total liabilities					
FUND BALANCES					
Restricted for:					
Library	-	-	281,238	-	281,238
E-911	-	-	-	-	-
Grant purposes	-	-	-	-	-
Nutrition	9,907	-	-	-	9,907
Emergency food & shelter program	-	-	-	-	-
Committed	-	-	-	-	-
Assigned to:					
E-911	-	-	-	-	-
Library	-	-	8,577	-	8,577
Transportation	-	-	-	-	-
Unassigned (deficit)	(7,372)	-	-	-	(7,372)
Total fund balances	2,535		289,815		292,350
Total liabilities and fund balances	\$ 2,535	\$ -	\$ 289,815	\$ -	\$ 292,350

	For the	Year	Ended	June	30.	2020
--	---------	------	-------	------	-----	------

		SPECIAL REVENUE FU	JNDS	CAPITAL PROJECT FUND	
	Federal Nutrition	Emergency Food & Shelter	Library	Trans portation Enhancement	Total-Other Governmental Funds
REVENUES					
Taxes	\$ 66,110	\$ -	\$ 56,872	\$ -	\$ 122,982
Investment income	176	-	695	-	871
Miscellaneous - donations and other			58,600		58,600
Total revenues	66,286		116,167		182,453
EXPENDITURES					
Current:					
Public Safety	-	1	-	-	1
Culture and recreation	-	-	8,997	-	8,997
Community support	75,743	-	-	-	75,743
Principal	-	_	70,748	_	70,748
Interest and other charges	-	-	101,252	-	101,252
Total Expenditures	75,743	1	180,997		256,741
Excess (deficiency) of revenues over					
expenditures	(9,457)	(1)	(64,830)		(74,288)
OTHER FINANCING SOURCES (USES)					
Transfers in	14,866	-	50,000	_	64,866
Total other financing sources and uses	14,866		50,000		64,866
Net change in fund balances	5,409	(1)	(14,830)	-	(9,422)
Fund balances - beginning	(2,874)	1	304,645		301,772
Fund balances - ending	\$ 2,535	\$ -	\$ 289,815	\$ -	\$ 292,350

ASSETS         IPWA Fund         IPWA CART Maintenance         Total           Current assets:         S 2,368,196         \$ 127,490         \$ 2,495,686           Investments         1,587,153         - 1,587,153           Due from other funds         - 2         - 2           Other receivables         5,957         - 3         5,957           Total current assets         3,961,306         127,490         4,088,796           Non-current assets         3,961,306         127,490         4,088,796           Non-current assets         3,961,306         127,490         4,088,796           Investments         1,602,459         - 53,615         - 53,615           Investments         1,602,459         - 1,602,459         - 1,602,459           Total assets         5,617,380         127,490         5,744,870           Total assets         5,617,380         127,490         5,744,870           LIABILITIES           Due to depositors         215,264         - 215,264           Total liabilities         215,264         - 215,264           Total field for debt service         105,993         - 105,993           Restricted for other purposes         1,334,817         - 1,334,817 <td< th=""><th></th><th>IPWA Enterp</th><th></th></td<>		IPWA Enterp		
Current assets:   Cash and cash equivalents   \$2,368,196   \$ 127,490   \$2,495,686     Investments   1,587,153   - 1,587,153     Due from other funds   5,957     Total current assets   3,961,306   127,490   4,088,796     Non-current assets:   Restricted:     Cash and cash equivalents   53,615   -   53,615     Investments   1,602,459   -   1,602,459     Total non-current assets   1,656,074   -   1,656,074     Total assets   5,617,380   127,490   5,744,870      LIABILITIES			IPWA CART	
Current assets:         Cash and cash equivalents         \$ 2,368,196         \$ 127,490         \$ 2,495,686           Investments         1,587,153         -         1,587,153           Due from other funds         -         -         -           Other receivables         5,957         -         5,957           Total current assets         3,961,306         127,490         4,088,796           Non-current assets:         -         -         53,615         -         53,615           Investments         1,602,459         -         1,602,459         -         1,602,459           Total non-current assets         1,656,074         -         1,656,074         -         1,656,074           Total assets         5,617,380         127,490         5,744,870         5,744,870           LIABILITIES           Due to depositors         215,264         -         215,264           Total liabilities         215,264         -         215,264           NET POSITION           Restricted for debt service         105,993         -         105,993           Restricted for other purposes         1,334,817         -         1,334,817           Unrestricted         3,961,306		IPWA Fund	Maintenance	Total
Cash and cash equivalents         \$ 2,368,196         \$ 127,490         \$ 2,495,686           Investments         1,587,153         -         1,587,153           Due from other funds         -         -         -           Other receivables         5,957         -         5,957           Total current assets         3,961,306         127,490         4,088,796           Non-current assets:         -         -         53,615         -         53,615           Investments         1,602,459         -         1,602,459         -         1,656,074           Total non-current assets         1,656,074         -         1,656,074         -         1,656,074           Total assets         5,617,380         127,490         5,744,870         5,744,870           LIABILITIES           Due to depositors         215,264         -         215,264           Total liabilities         215,264         -         215,264           NET POSITION           Restricted for debt service         105,993         -         105,993           Restricted for other purposes         1,334,817         -         1,334,817           Unrestricted         3,961,306         127,490         4,	ASSETS			
Investments	Current assets:			
Due from other funds         -         -         -         -         -         -         -         5,957         -         5,957         Total current assets         3,961,306         127,490         4,088,796         Non-current assets         -         3,961,306         127,490         4,088,796         Non-current assets         -         53,615         -         53,615         -         53,615         -         53,615         -         53,615         -         1,602,459         -         1,602,459         -         1,602,459         -         1,602,459         -         1,656,074         -         1,656,074         -         1,656,074         -         1,656,074         -         1,656,074         -         1,656,074         -         1,656,074         -         1,656,074         -         1,656,074         -         1,656,074         -         1,656,074         -         1,656,074         -         1,656,074         -         1,656,074         -         -         1,656,074         -         -         215,264         -         215,264         -         215,264         -         215,264         -         215,264         -         215,264         -         215,264         -         215,264         -         21	Cash and cash equivalents	\$ 2,368,196	\$ 127,490	\$ 2,495,686
Other receivables         5,957         -         5,957           Total current assets         3,961,306         127,490         4,088,796           Non-current assets:         Restricted:           Cash and cash equivalents         53,615         -         53,615           Investments         1,602,459         -         1,602,459           Total non-current assets         1,656,074         -         1,656,074           Total assets         5,617,380         127,490         5,744,870           LIABILITIES           Due to depositors         215,264         -         215,264           Total liabilities         215,264         -         215,264           NET POSITION           Restricted for debt service         105,993         -         105,993           Restricted for other purposes         1,334,817         -         1,334,817           Unrestricted         3,961,306         127,490         4,088,796	Investments	1,587,153	-	1,587,153
Total current assets         3,961,306         127,490         4,088,796           Non-current assets:         Restricted:           Cash and cash equivalents         53,615         -         53,615           Investments         1,602,459         -         1,602,459           Total non-current assets         1,656,074         -         1,656,074           Total assets         5,617,380         127,490         5,744,870           LIABILITIES           Due to depositors         215,264         -         215,264           Total liabilities         215,264         -         215,264           NET POSITION           Restricted for debt service         105,993         -         105,993           Restricted for other purposes         1,334,817         -         1,334,817           Unrestricted         3,961,306         127,490         4,088,796	Due from other funds	-	-	-
Non-current assets:   Restricted:   Cash and cash equivalents   53,615   - 53,615     Investments   1,602,459   - 1,602,459     Total non-current assets   1,656,074   - 1,656,074     Total assets   5,617,380   127,490   5,744,870      LIABILITIES     Due to depositors   215,264   - 215,264     Total liabilities   215,264   - 215,264     Total liabilities   215,264   - 1,215,264     NET POSITION     Restricted for debt service   105,993   - 105,993     Restricted for other purposes   1,334,817   - 1,334,817     Unrestricted   3,961,306   127,490   4,088,796	Other receivables	5,957	-	5,957
Restricted:       Cash and cash equivalents       53,615       -       53,615         Investments       1,602,459       -       1,602,459         Total non-current assets       1,656,074       -       1,656,074         Total assets       5,617,380       127,490       5,744,870         LIABILITIES         Due to depositors       215,264       -       215,264         Total liabilities       215,264       -       215,264         NET POSITION       Restricted for debt service       105,993       -       105,993         Restricted for other purposes       1,334,817       -       1,334,817         Unrestricted       3,961,306       127,490       4,088,796	Total current assets	3,961,306	127,490	4,088,796
Cash and cash equivalents       53,615       -       53,615         Investments       1,602,459       -       1,602,459         Total non-current assets       1,656,074       -       1,656,074         Total assets       5,617,380       127,490       5,744,870         LIABILITIES         Due to depositors       215,264       -       215,264         Total liabilities       215,264       -       215,264         NET POSITION         Restricted for debt service       105,993       -       105,993         Restricted for other purposes       1,334,817       -       1,334,817         Unrestricted       3,961,306       127,490       4,088,796	Non-current assets:			
Investments	Restricted:			
Total non-current assets	Cash and cash equivalents	53,615	-	53,615
Total non-current assets	Investments	1,602,459	-	1,602,459
LIABILITIES         Due to depositors       215,264       -       215,264         Total liabilities       215,264       -       215,264         NET POSITION         Restricted for debt service       105,993       -       105,993         Restricted for other purposes       1,334,817       -       1,334,817         Unrestricted       3,961,306       127,490       4,088,796	Total non-current assets	1,656,074		1,656,074
Due to depositors         215,264         -         215,264           Total liabilities         215,264         -         215,264           NET POSITION           Restricted for debt service         105,993         -         105,993           Restricted for other purposes         1,334,817         -         1,334,817           Unrestricted         3,961,306         127,490         4,088,796	Total assets	5,617,380	127,490	5,744,870
Total liabilities         215,264         -         215,264           NET POSITION         Restricted for debt service         105,993         -         105,993           Restricted for other purposes         1,334,817         -         1,334,817           Unrestricted         3,961,306         127,490         4,088,796	LIABILITIES			
NET POSITION         Restricted for debt service       105,993       -       105,993         Restricted for other purposes       1,334,817       -       1,334,817         Unrestricted       3,961,306       127,490       4,088,796	Due to depositors	215,264	-	215,264
Restricted for debt service       105,993       -       105,993         Restricted for other purposes       1,334,817       -       1,334,817         Unrestricted       3,961,306       127,490       4,088,796	Total liabilities	215,264		215,264
Restricted for other purposes       1,334,817       -       1,334,817         Unrestricted       3,961,306       127,490       4,088,796	NET POSITION			
Unrestricted 3,961,306 127,490 4,088,796	Restricted for debt service	105,993	_	105,993
Unrestricted 3,961,306 127,490 4,088,796	Restricted for other purposes	1,334,817	_	1,334,817
			127,490	4,088,796
	Total net position			

	IPWA Enterprise Fund Accounts					
			IPWA CART			
	IP	WA Fund	Mainte	enance Fund		Total
REVENUES						
Charges for services:						
Water charges	\$	1,004,344	\$	-	\$	1,004,344
Sewer charges		689,865		-		689,865
Sanitation charges		823,984		27,035		851,019
Landfill charges		393,358		-		393,358
Water taps		4,900		-		4,900
Sewer taps		2,400		-		2,400
Penalties		39,801		-		39,801
Reconnect fees		32,683		-		32,683
Transfer fees		2,075		-		2,075
Insufficient check charge		700		-		700
Miscellaneous		18,445		-		18,445
Total operating revenues		3,012,555		27,035		3,039,590
OPERATING EXPENSES						
Managerial		82,012		-		82,012
Water-other		677,298		-		677,298
Sanitation		697,037		21,740		718,777
Landfill		244,603		-		244,603
Lift station		99,300		-		99,300
Filter plant		403,106		-		403,106
Sewer plant		323,441		-		323,441
Sewer-other		235,740		-		235,740
Total Operating Expenses		2,762,537		21,740		2,784,277
Operating income		250,018		5,295		255,313
NON-OPERATING REVENUES (EXPENSES)						
Investment income		90,749		308		91,057
Capital outlay		(1,282,810)		-		(1,282,810)
Debt service:		(1,202,010)				(1,202,010)
Principal retirement		(151,923)		_		(151,923)
Interest expense		(149,875)				(149,875)
Total non-operating revenue (expenses)		(1,493,859)		308		(1,493,551)
Income (loss) before transfers		(1,243,841)	-	5,603		(1,238,238)
Transfers in		1,364,944	-	5,005		1,364,944
Transfers out		(1,040,787)		-		(1,040,787)
Change in net position		(919,684)	-	5,603		(914,081)
Total net position - beginning		6,321,800		121,887		6,443,687
Total net position - beginning Total net position - ending	•	5,402,116	•		•	5,529,606
rotarnet position - enumg	\$	3,402,110	\$	127,490	\$	3,329,000

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	\$ 93,432	\$ 93,432
Department of Justice				
Passed through the Oklahoma District Attorneys Council:				
Violence Against Women Act (VAWA)	16.588	2018/19-VAWA-Idabel-Cl-00026	100,000	52,667
Justice Assistance Grant - Local Law Enforcement	16.738	JAG-LLE-2019-Idabel CI-00110	10,000	10,000
Total Department of Justice			110,000	62,667
Department of Transportation - Federal Aviation Administration				
Airport Grant - Parallel Taxiway	20.106	3-40-0137-011-2018	2,765,221	1,088,359
Department of Transportation				
Passed through the Oklahoma Highway Safety Office:				
Idabel Traffic Enforcement	20.600	PT-19-03-09-06	21,460	9,120
Idabel Traffic Enforcement	20.600	PT-20-03-05-07	14,000	4,287
Subtotal 20.600			35,460	13,407
Department of Homeland Security				
Passed through the Federal Emergency Management Agency:				
Emergency Food and Shelter Program	97.024	Phase 35	5,000	5,000
Emergency Food and Shelter Program	97.024	Phase 36	5,000	5,000
Subtotal 97.024			10,000	10,000
Total Federal			\$ 3,014,113	\$ 1,267,865
			2 2,01.,110	1,207,000

#### 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, 2020, 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 March 17, 2021.

#### 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.

Oklahoma City, Oklahoma March 17, 2021

HBC CPA: + Advisor



### 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, 2020. 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, 2020.

#### 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, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement 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 with a type of 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.

Oklahoma City, Oklahoma March 17, 2021

## City of Idabel SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2020

#### I. Summary of Auditors' Results

Finan	cial	<b>Statements</b>
1 IIIaii	ciai	Statements

Type of audit report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified?

• Significant deficiency(ies) identified that are not considered to be material weaknesses?

None reported

Noncompliance which is material to the financial statements noted?

Federal Rewards

Internal control over major programs:

• Material weaknesses identified?

• Significant deficiency(ies) identified that are not considered to b material weaknesses?

None reported

Type of auditor's report issued on compliance for student financial assistance programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

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, 2020

There were no prior year audit findings for the period ended June 30, 2019.