



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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

THE CITY OF IDABEL, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Idabel, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Idabel, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Idabel, Oklahoma, as of June 30, 2023, 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 for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Idabel, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—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.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Idabel, Oklahoma's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Idabel, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Idabel, Oklahoma's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Management is responsible for the management's discussion and analysis (pages 7-13) and the budgetary comparison information (page 35-36) are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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.

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 combining and non-major fund financial statement-modified cash basis (pages 37-42) 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 43) 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. Such information is 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. The 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 6, 2024, on our consideration of the City of Idabel, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Idabel, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Idabel, Oklahoma's internal control over financial reporting and compliance.

HBC CPAs & Advisors

Oklahoma City, Oklahoma
May 6, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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The management of the City of Idabel is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the fiscal year ended June 30, 2023. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City's total net position increased by \$2,649,777 while the assets of the City exceed its liabilities at June 30, 2023, by \$14,565,289 (net position). Of this amount, \$9,100,443 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2023, the City's governmental funds reported combined total fund balances on a modified cash basis of \$8,225,284.
- At the end of fiscal year 2023, unassigned fund balance on a modified cash basis for the General Fund was \$3,590,547, or 52.5% of General Fund revenues.

ABOUT THE CITY

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

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

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

The City's Financial Reporting Entity

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

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

Fund Financial Statements

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 21-35 of this report.

Other Information

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

CITY OF IDABEL, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

THE CITY AS A WHOLE

For the year ended June 30, 2023, net position on a modified cash basis for the governmental and business-type activities increased \$2,649,777, or 22.2%.

Net Position (Modified Cash Basis)
June 30, 2023

	Governmental Activities	Business-type Activities	Total
Beginning net position	\$ 5,557,752	\$ 6,357,760	\$ 11,915,512
Change in net position	<u>2,667,532</u>	<u>(17,755)</u>	<u>2,649,777</u>
Ending net position	<u><u>\$ 8,225,284</u></u>	<u><u>\$ 6,340,005</u></u>	<u><u>\$ 14,565,289</u></u>

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

	Governmental Activities		% Inc. (Dec.)	Business-type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2023	2022		2023	2022		2023	2022	
Assets	\$ 8,239,013	\$ 5,572,771	48%	\$ 6,563,716	\$ 6,579,662	0%	\$ 14,802,729	\$ 12,152,433	22%
Total assets	<u>8,239,013</u>	<u>5,572,771</u>	48%	<u>6,563,716</u>	<u>6,579,662</u>	0%	<u>14,802,729</u>	<u>12,152,433</u>	22%
Liabilities	13,729	15,019	-9%	223,711	221,902	1%	237,440	236,921	0%
Total liabilities	<u>13,729</u>	<u>15,019</u>	-9%	<u>223,711</u>	<u>221,902</u>	1%	<u>237,440</u>	<u>236,921</u>	0%
Net position:									
Restricted	4,008,142	2,366,358	69%	1,456,704	1,443,736	1%	5,464,846	3,810,094	43%
Unrestricted	<u>4,217,142</u>	<u>3,191,394</u>	32%	<u>4,883,301</u>	<u>4,914,024</u>	-1%	<u>9,100,443</u>	<u>8,105,418</u>	12%
Total net position	<u><u>\$ 8,225,284</u></u>	<u><u>\$ 5,557,752</u></u>	48%	<u><u>\$6,340,005</u></u>	<u><u>\$6,357,760</u></u>	0%	<u><u>\$14,565,289</u></u>	<u><u>\$11,915,512</u></u>	22%

A portion of the City's net position, \$5,464,846 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing needs.

CITY OF IDABEL, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

Changes in Net Position (Modified Cash Basis)
Year Ended June 30, 2023

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2023	2022		2023	2022		2023	2022	
Revenues:									
Program revenues:									
Charges for services	\$ 533,939	\$ 506,127	5%	\$ 3,322,945	\$ 3,209,456	4%	\$ 3,856,884	\$ 3,715,583	4%
Operating grants/contributions	307,485	204,812	50%	-	-	-	307,485	204,812	50%
Capital grants/contributions and debt proceeds	1,536,491	701,284	119%	-	-	-	1,536,491	701,284	119%
General revenues:									
Sales and use taxes	6,826,183	5,065,543	35%	-	-	-	6,826,183	5,065,543	35%
Other taxes	499,175	407,537	22%	-	-	-	499,175	407,537	22%
Other general revenue	1,539,374	1,178,687	31%	116,589	32,374	260%	1,655,963	1,211,061	37%
Total revenues	<u>11,242,647</u>	<u>8,063,990</u>	<u>39%</u>	<u>3,439,534</u>	<u>3,241,830</u>	<u>6%</u>	<u>14,682,181</u>	<u>11,305,820</u>	<u>30%</u>
Program expenses:									
General government	1,483,043	1,060,126	40%	-	-	-	1,483,043	1,060,126	40%
Streets	925,100	807,322	15%	-	-	-	925,100	807,322	15%
Public safety	2,502,365	2,230,007	12%	-	-	-	2,502,365	2,230,007	12%
Cemetery	173,870	191,299	-9%	-	-	-	173,870	191,299	-9%
Legal and judicial	72,271	62,785	15%	-	-	-	72,271	62,785	15%
Culture and recreation	131,255	136,388	-4%	-	-	-	131,255	136,388	-4%
Community development	268,376	223,039	20%	-	-	-	268,376	223,039	20%
Airport	1,995,408	1,061,444	88%	-	-	-	1,995,408	1,061,444	88%
Maintenance	78,753	69,970	13%	-	-	-	78,753	69,970	13%
Industrial development	142,157	135,864	5%	-	-	-	142,157	135,864	5%
Principal Retirement	92,227	150,220	-39%	-	-	-	92,227	150,220	-39%
Interest and fiscal agent fees	106,930	113,350	-6%	-	-	-	106,930	113,350	-6%
Water operations	-	-	-	1,444,657	1,220,138	18%	1,444,657	1,220,138	18%
Sewer operations	-	-	-	1,142,125	908,999	26%	1,142,125	908,999	26%
Sanitation operations	-	-	-	919,475	891,778	3%	919,475	891,778	3%
Landfill operations	-	-	-	330,492	295,418	12%	330,492	295,418	12%
Governmental Principal Retirement	-	-	-	90,000	86,887	4%	90,000	86,887	4%
Governmental Interest Expense	-	-	-	133,900	137,159	-2%	133,900	137,159	-2%
Total expenses	<u>7,971,755</u>	<u>6,241,814</u>	<u>28%</u>	<u>4,060,649</u>	<u>3,540,379</u>	<u>15%</u>	<u>12,032,404</u>	<u>9,782,193</u>	<u>23%</u>
Excess (deficiency) before transfers	3,270,892	1,822,176	80%	(621,115)	(298,549)	108%	2,649,777	1,523,627	74%
Net transfers in (out)	<u>(603,360)</u>	<u>(535,123)</u>	<u>13%</u>	<u>603,360</u>	<u>535,123</u>	<u>13%</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase in net position	<u>\$ 2,667,532</u>	<u>\$ 1,287,053</u>	<u>107%</u>	<u>\$ (17,755)</u>	<u>\$ 236,574</u>	<u>-108%</u>	<u>\$ 2,649,777</u>	<u>\$ 1,523,627</u>	<u>74%</u>
Net position - beginning	<u>5,557,752</u>	<u>4,270,699</u>	<u>30%</u>	<u>6,357,760</u>	<u>6,121,186</u>	<u>4%</u>	<u>11,915,512</u>	<u>10,391,885</u>	<u>15%</u>
Net position - ending	<u>\$ 8,225,284</u>	<u>\$ 5,557,752</u>	<u>48%</u>	<u>\$ 6,340,005</u>	<u>\$ 6,357,760</u>	<u>-0.3%</u>	<u>\$ 14,565,289</u>	<u>\$ 11,915,512</u>	<u>22%</u>

Governmental Activities

The City's governmental activities had an increase in net position of \$2,667,532 compared to the prior year, and the current year increase was \$1,380,479 more than the prior year increase. Overall, this is primarily due to a 39% increase in program and general revenues offset with a 28% increase in program expenses. Specific significant changes in the following areas of revenues and expenses are noted below:

- Program and general revenues increased approximately \$3,200,000, mainly due to increases in capital and operating grants and sales and use taxes in 2023.
- Program expenses increased approximately \$1,700,000, mainly due to increases in miscellaneous expenses for general government, legal/judicial, and community development, combined with capital outlays for streets, public safety, and the airport in 2023.

CITY OF IDABEL, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

Net Revenue (Expense) of Governmental Activities

	Total Expense of Services		% Inc (Dec)	Net Revenue (Expense) of Services		% Inc (Dec)
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
General government	\$ 1,483,043	\$ 1,060,126	39.9%	\$ (1,391,958)	\$ (982,310)	41.7%
Streets	925,100	807,322	14.6%	(837,736)	(714,129)	17.3%
Public safety	2,502,365	2,230,007	12.2%	(2,254,108)	(1,493,786)	50.9%
Cemetery	173,870	191,299	-9.1%	(169,665)	(185,982)	-8.8%
Legal and judicial	72,271	62,785	15.1%	(72,271)	(62,785)	15.1%
Culture and recreation	131,255	136,388	-3.8%	(129,709)	(116,588)	11.3%
Community development	268,376	223,039	20.3%	(202,896)	(160,264)	26.6%
Airport	1,995,408	1,061,444	88.0%	(115,430)	(46,760)	146.9%
Maintenance	78,753	69,970	12.6%	(78,753)	(69,970)	12.6%
Industrial development	142,157	135,864	4.6%	(142,157)	(135,864)	4.6%
Principal Retirement	92,227	150,220	-38.6%	(92,227)	(150,220)	-38.6%
Interest and fiscal agent fees	106,930	113,350	-5.7%	(106,930)	(113,350)	-5.7%
Total	<u>\$7,971,755</u>	<u>\$6,241,814</u>	27.7%	<u>\$ (5,593,840)</u>	<u>\$ (4,232,008)</u>	32.2%

Business-type Activities

The City's business-type activities had a decrease in net position of \$17,755 compared to the prior year increase of \$236,574. This is primarily due to a 15% increase in program expenses, mainly in water, sewer, and landfill operations in 2023.

Net Revenue (Expense) of Business-Type Activities

	Total Expense of Services		% Inc (Dec)	Net Revenue (Expense) of Services		% Inc (Dec)
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Water operations	\$ 1,444,657	\$ 1,220,138	18.4%	\$ (235,003)	\$ (119,332)	96.9%
Wastewater operations	1,142,125	908,999	25.6%	(395,835)	(181,748)	117.8%
Sanitation operations	919,475	891,778	3.1%	31,714	57,688	-45.0%
Landfill operations	330,492	295,418	11.9%	85,320	136,515	-37.5%
Governmental Principal Retirement	90,000	86,887	3.6%	(90,000)	(86,887)	3.6%
Governmental Interest Expense	133,900	137,159	-2.4%	(133,900)	(137,159)	-2.4%
Total	<u>\$4,060,649</u>	<u>\$3,540,379</u>	14.7%	<u>\$ (737,704)</u>	<u>\$ (330,923)</u>	122.9%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2023 fiscal year, the governmental funds reported a combined total fund balance of \$8,225,284. For the year ended June 30, 2023, the General Fund's total fund balance increased by \$899,216, or 28.2%.

Budgetary Highlights

Total revenues exceeded the amount budgeted by \$511,523, or 9.8%, while total expenditures and transfers out were less than the amount budgeted by \$371,973, or 7.1%.

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 2024 fiscal year are each budgeted to increase approximately \$281,000.
- The IPWA revenues and expenses for the 2024 fiscal year are each budgeted to increase approximately \$917,000.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF IDABEL, OKLAHOMA

Statement of Net Position

(Modified Cash Basis)

June 30, 2023

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>IIDA Component</u> <u>Unit</u>
ASSETS				
Cash and Cash Equivalents	\$ 7,364,167	\$ 3,269,308	\$ 10,633,475	\$ 237,924
Investments	871,671	3,288,093	4,159,764	1,494,862
Due from other governments	3,175	-	3,175	-
Other receivables	-	6,315	6,315	-
Total Assets	<u>8,239,013</u>	<u>6,563,716</u>	<u>14,802,729</u>	<u>1,732,786</u>
LIABILITIES				
Due to other governments	1,242	-	1,242	-
Due to bondholders	12,487	-	12,487	-
Due to depositors	-	223,711	223,711	-
Total liabilities	<u>13,729</u>	<u>223,711</u>	<u>237,440</u>	<u>-</u>
NET POSITION				
Restricted for:				
Grant purposes	2,291,635	-	2,291,635	-
Capital improvements	1,417,958	-	1,417,958	-
Library	279,673	-	279,673	-
Nutrition	18,876	-	18,876	-
Other purposes	-	1,428,552	1,428,552	-
Debt service	-	28,152	28,152	-
Unrestricted	<u>4,217,142</u>	<u>4,883,301</u>	<u>9,100,443</u>	<u>1,732,786</u>
Total net position	<u>\$ 8,225,284</u>	<u>\$ 6,340,005</u>	<u>\$ 14,565,289</u>	<u>\$ 1,732,786</u>

CITY OF IDABEL, OKLAHOMA
Statement of Activities
(Modified Cash Basis)
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
		Charges for	Operating	Capital Grants,	Primary Government			
		Services	Grants and	Contributions	Governmental	Business-type	Total	IIDA Component
			Contributions	and Debt	Activities	Activities		Unit
				Proceeds				
Primary government								
Governmental Activities								
General Government	\$ 1,483,043	\$ 44,542	\$ 46,543	\$ -	\$ (1,391,958)	\$ -	\$ (1,391,958)	\$ -
Streets	925,100	24,542	62,822	-	(837,736)	-	(837,736)	-
Public Safety	2,502,365	115,617	132,640	-	(2,254,108)	-	(2,254,108)	-
Cemetery	173,870	4,205	-	-	(169,665)	-	(169,665)	-
Legal and judicial	72,271	-	-	-	(72,271)	-	(72,271)	-
Culture and Recreation	131,255	-	-	1,546	(129,709)	-	(129,709)	-
Community development	268,376	-	65,480	-	(202,896)	-	(202,896)	-
Airport	1,995,408	345,033	-	1,534,945	(115,430)	-	(115,430)	-
Maintenance	78,753	-	-	-	(78,753)	-	(78,753)	-
Industrial Development	142,157	-	-	-	(142,157)	-	(142,157)	-
Principal Retirement	92,227	-	-	-	(92,227)	-	(92,227)	-
Interest on Long-term debt	106,930	-	-	-	(106,930)	-	(106,930)	-
Total governmental activities	7,971,755	533,939	307,485	1,536,491	(5,593,840)	-	(5,593,840)	-
Business-type activities:								
Water	1,444,657	1,209,654	-	-	-	(235,003)	(235,003)	-
Wastewater	1,142,125	746,290	-	-	-	(395,835)	(395,835)	-
Sanitation	919,475	951,189	-	-	-	31,714	31,714	-
Landfill	330,492	415,812	-	-	-	85,320	85,320	-
Governmental Principal Retirement	90,000	-	-	-	-	(90,000)	(90,000)	-
Governmental Interest Expense	133,900	-	-	-	-	(133,900)	(133,900)	-
Total business-type activities	4,060,649	3,322,945	-	-	-	(737,704)	(737,704)	-
Total primary government	12,032,404	3,856,884	307,485	1,536,491	(5,593,840)	(737,704)	(6,331,544)	
Component Units								
Industrial Development Authority	33,530	12,522	-	-	-	-	-	(21,008)
Total Component Units	33,530	12,522	-	-	-	-	-	
General revenues:								
Taxes:								
Sales and use taxes					\$ 6,826,183	\$ -	\$ 6,826,183	\$ 142,157
Occupation taxes					48,610	-	48,610	-
Hotel/motel taxes					155,320	-	155,320	-
Franchise taxes and public service taxes					295,245	-	295,245	-
Intergovernmental revenue not restricted to specific programs					872,955	-	872,955	-
Unrestricted investment earnings					136,245	116,589	252,834	9,661
Miscellaneous					530,174	-	530,174	24,157
Transfers					(603,360)	603,360	-	-
Total general revenues and transfers					8,261,372	719,949	8,981,321	175,975
Change in net position					2,667,532	(17,755)	2,649,777	154,967
Net position - beginning					5,557,752	6,357,760	11,915,512	1,577,819
Net position - ending					\$ 8,225,284	\$ 6,340,005	\$ 14,565,289	\$ 1,732,786

See accompanying notes to the basic financial statements.

CITY OF IDABEL, OKLAHOMA
Governmental Funds Balance Sheet
(Modified Cash Basis)
June 30, 2023

	General Fund	Restricted Sales Tax Fund for Capital Improvements	Special Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,273,141	\$ 1,423,947	\$ 2,400,288	\$ 266,791	\$ 7,364,167
Investments	871,671	-	-	-	871,671
Due from other governments	3,175	-	-	-	3,175
Due from other funds	22,599	-	-	69,098	91,697
Total assets	<u>4,170,586</u>	<u>1,423,947</u>	<u>2,400,288</u>	<u>335,889</u>	<u>8,330,710</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other governments	1,242	-	-	-	1,242
Due to other funds	69,098	-	-	22,599	91,697
Due to bondholders	12,487	-	-	-	12,487
Total liabilities	<u>82,827</u>	<u>-</u>	<u>-</u>	<u>22,599</u>	<u>105,426</u>
Fund balances:					
Restricted for:					
Grant purposes	-	-	2,291,635	-	2,291,635
Capital improvements	-	1,423,947	-	-	1,423,947
Library	-	-	-	279,673	279,673
Nutrition	-	-	-	18,876	18,876
Assigned to:					
Cemetery	217,550	-	-	-	217,550
Airport	245,456	-	-	-	245,456
Police	34,206	-	-	-	34,206
Library	-	-	-	13,619	13,619
Unassigned	3,590,547	-	108,653	1,122	3,700,322
Total fund balances	<u>4,087,759</u>	<u>1,423,947</u>	<u>2,400,288</u>	<u>313,290</u>	<u>8,225,284</u>
Total liabilities and fund balances	<u>\$ 4,170,586</u>	<u>\$ 1,423,947</u>	<u>\$ 2,400,288</u>	<u>\$ 335,889</u>	<u>\$ 8,330,710</u>

CITY OF IDABEL, OKLAHOMA
Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances (Modified Cash Basis)
For the Year Ended June 30, 2023

	General Fund	Restricted Sales Tax Fund for Capital Improvements	Special Grant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 5,764,308	\$ 1,405,785	\$ -	\$ 220,800	\$ 7,390,893
Intergovernmental	380,468	-	2,214,314	-	2,594,782
Charges for services	360,967	-	3,542	-	364,509
Fees and fines	114,636	-	42,921	-	157,557
Licenses and permits	44,487	-	-	-	44,487
Investment earnings	68,950	18,162	44,615	4,518	136,245
Miscellaneous:					
Donations	-	-	393,384	32,750	426,134
Other	107,040	-	-	-	107,040
Total revenues	<u>6,840,856</u>	<u>1,423,947</u>	<u>2,698,776</u>	<u>258,068</u>	<u>11,221,647</u>
EXPENDITURES					
Current:					
General government	586,327	-	-	-	586,327
Streets and highways	871,077	-	-	-	871,077
Public Safety	2,450,289	-	121,014	-	2,571,303
Cemetery	173,870	-	-	-	173,870
Legal and judicial	72,271	-	-	-	72,271
Culture and recreation	51,602	-	816,001	10,696	878,299
Community support	194,012	-	-	74,364	268,376
Airport	375,887	-	996,195	-	1,372,082
Maintenance	82,882	-	-	-	82,882
Industrial development	142,157	-	-	-	142,157
Capital Outlay	169,528	-	563,426	-	732,954
Debt Service:					
Principal	22,161	-	-	70,066	92,227
Interest and other charges	4,996	-	-	101,934	106,930
Total Expenditures	<u>5,197,059</u>	<u>-</u>	<u>2,496,636</u>	<u>257,060</u>	<u>7,950,755</u>
Excess (deficiency) of revenues over expenditures	<u>1,643,797</u>	<u>1,423,947</u>	<u>202,140</u>	<u>1,008</u>	<u>3,270,892</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	976,963	-	157,568	14,866	1,149,397
Transfers out	(1,721,544)	-	-	(31,213)	(1,752,757)
Total other financing sources and uses	<u>(744,581)</u>	<u>-</u>	<u>157,568</u>	<u>(16,347)</u>	<u>(603,360)</u>
Net change in fund balances	899,216	1,423,947	359,708	(15,339)	2,667,532
Fund balances - beginning	<u>3,188,543</u>	<u>-</u>	<u>2,040,580</u>	<u>328,629</u>	<u>5,557,752</u>
Fund balances - ending	<u>\$ 4,087,759</u>	<u>\$ 1,423,947</u>	<u>\$ 2,400,288</u>	<u>\$ 313,290</u>	<u>\$ 8,225,284</u>

CITY OF IDABEL, OKLAHOMA
Proprietary Fund Statement of Net Position
(Modified Cash Basis)
June 30, 2023

	<u>Idabel Public Works Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,269,308
Investments	1,607,678
Other receivables	<u>6,315</u>
Total current assets	<u>4,883,301</u>
Non-current assets:	
Restricted:	
Investments	<u>1,680,415</u>
Total non-current assets	<u>1,680,415</u>
Total assets	<u><u>6,563,716</u></u>
LIABILITIES	
Non-current liabilities:	
Due to depositors	<u>223,711</u>
Total non-current liabilities	<u>223,711</u>
Total liabilities	<u>223,711</u>
NET POSITION	
Restricted for debt service	28,152
Restricted for other purposes	1,428,552
Unrestricted	<u>4,883,301</u>
Total net position	<u><u>\$ 6,340,005</u></u>

CITY OF IDABEL, OKLAHOMA
Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position
(Modified Cash Basis)
For the Year Ended June 30, 2023

	<u>Idabel Public Works Authority</u>
REVENUES	
Water	\$ 1,152,785
Sewer	712,638
Sanitation	913,395
Landfill	399,290
Water taps	8,806
Sewer taps	4,000
Penalties	50,449
Reconnect fees	54,580
Transfer fees	710
Insufficient check charges	875
Miscellaneous	25,417
Total operating revenues	<u>3,322,945</u>
OPERATING EXPENSES	
Managerial	89,079
Water	744,768
Sanitation	842,676
Landfill	319,346
Lift station	139,950
Filter plant	460,631
Sewer plant	372,741
Sewer-other	287,972
Total Operating Expenses	<u>3,257,163</u>
Operating income	<u>65,782</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	116,589
Capital outlay	(529,586)
Debt service:	
Principal retirement	(132,917)
Interest expense	(140,983)
Total non-operating revenue (expenses)	<u>(686,897)</u>
Income (loss) before transfers	(621,115)
Transfers in	1,681,678
Transfers out	<u>(1,078,318)</u>
Change in net position	(17,755)
Total net position - beginning	<u>6,357,760</u>
Total net position - ending	<u><u>\$ 6,340,005</u></u>

CITY OF IDABEL, OKLAHOMA
Proprietary Fund Statement of Cash Flows
(Modified Cash Basis)
For the Year Ended June 30, 2023

	<u>Idabel Public</u> <u>Works Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 3,322,978
Payments to suppliers	(1,807,674)
Payments to employees	(1,449,489)
Receipts of customer meter deposits	30,406
Refunds of customer meter deposits	(28,597)
Net cash provided by operating activities	<u>67,624</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	1,681,678
Transfers to other funds	(1,078,318)
Net cash provided by noncapital financing activities	<u>603,360</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(529,586)
Principal paid on debt	(132,917)
Interest and fiscal agent fees paid on debt	(140,983)
Net cash provided by (used in) capital and related financing activities	<u>(803,486)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(41,287)
Interest and dividends	116,589
Net cash provided by investing activities	<u>75,302</u>
Net increase (decrease) in cash and cash equivalents	(57,200)
Balances - beginning of year	<u>3,326,508</u>
Balances - end of year	<u><u>\$ 3,269,308</u></u>
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	<u>3,269,308</u>
Total cash and cash equivalents, end of year	<u><u>\$ 3,269,308</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 65,782
Change in assets and liabilities:	
Accounts receivable	33
Deposits subject to refund	1,809
Net cash provided by operating activities	<u><u>\$ 67,624</u></u>

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

The City of Idabel, Oklahoma (the City)

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

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

The Idabel Public Works Authority (Authority)

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

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

The McCurtain County Regional Airport Authority

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

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, 2023, 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, 2023, 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.
- Restricted Sales Tax Fund—accounts for capital improvements.

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

Special Revenue Funds:

- Federal Nutrition Fund—accounts for annual Kiamichi Area Nutrition Program grants.
- Idabel Library Fund—accounts for revenues associated with improvements of the Idabel Library.

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

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

Fund Statements:

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

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

It is the City's policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expenditure 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, 2023, the City recognized \$252,834 of investment income. Most of the City's deposits are in demand and short-term time deposits.

Primary Government

At June 30, 2023, the primary government held the following deposits and investments:

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2023

<u>Type</u>	<u>Carrying Value</u>	<u>Credit Rating</u>	<u>Maturity Date</u>	<u>Market Value</u>
<i>Deposits:</i>				
Demand deposits	\$ 10,633,475	N/A	N/A	N/A
Time deposits	4,057,901	N/A	Due within one year	N/A
<i>Investments</i>				
Federated Treasury Obligations Fund	\$ 101,863	N/A	N/A	N/A
Total Deposits and Investments	<u><u>\$ 14,793,239</u></u>			
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 10,633,475			
Investments	<u>4,159,764</u>			
	<u><u>\$ 14,793,239</u></u>			

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

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, 2023, the City held no such investments.

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2023

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, 2023, 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, 2023, are as follows:

<u>Type of Restricted Assets</u>	<u>Current</u>	<u>Noncurrent</u>	
	<u>Cash and cash equivalents</u>	<u>Cash and cash equivalents</u>	<u>Investments</u>
Utility Deposits	\$ -	\$ -	\$ 150,000
Landfill Reserve	-	-	1,428,552
Trustee Accounts	-	-	101,863
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,680,415</u>

Component Unit—Idabel Industrial Development Authority (IIDA)

For the year ended June 30, 2023, the IIDA recognized \$9,661 of investment income. Most of the IIDA's deposits are in demand and short-term time deposits.

At June 30, 2023, the IIDA held the following deposits and investments:

<u>Type</u>	<u>Carrying Value</u>	<u>Credit Rating</u>	<u>Maturity Date</u>	<u>Market Value</u>
<i>Deposits:</i>				
Demand deposits	\$ 237,924	N/A	N/A	N/A
Time deposits	1,494,862	N/A	Due within one year	N/A
Total Deposits	<u>\$ 1,732,786</u>			

Reconciliation to Statement of Net Position:

Cash and cash equivalents	\$ 237,924
Investments	1,494,862
	<u>\$ 1,732,786</u>

The IIDA has no formal policies designed to address interest rate risk, credit risk, custodial credit risk, or concentration of credit risk inherent to investment portfolios, as defined above. As noted in the schedule of deposits and investments above, at June 30, 2023, the IIDA held no such qualifying investments; therefore, no such risk as stated above.

3. Sales Tax Revenue

Sales tax revenue represents a 4-cent tax on each dollar of taxable sales. Three-fourths (3-cents) is received and recorded in the General Fund, and one-fourth (one cent) is received and recorded in the Restricted Sales Tax Fund for Capital Improvements. The 3-cent tax and 1-cent tax resolutions were adopted by the City Council in 2006 and 2023, respectively. One-fourth (one cent) of the proceeds from 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, 2023, one-fourth (one cent) of the total sales tax was appropriated (transferred) to the Idabel Public Works Authority. Two-fourths, or one-half, (two cents) of the sales tax remained in the General Fund, and one-fourth (one cent) of the sales tax remained in the Restricted Sales Tax Fund for Capital Improvements.

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, 2023, was \$223,711.

6. Notes Receivable**Component Unit**

The Idabel Industrial Development Authority had two notes outstanding as of June 30, 2023. These notes are summarized as follows:

Oklahoma Wood Fibers, Inc.

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

Wood Lumber Company Specialties, Inc.

Loan 1—The Authority made a loan to Wood Lumber Company Specialties, Inc. on October 17, 1998 for \$216,557 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 6/30/2022	Additions	Deductions	Balance 6/30/2023	Due Within One Year
Oklahoma Wood Fibers, Inc.	\$ 84,707	\$ -	\$ -	\$ 84,707	\$ -
Allowance for uncollectible	(84,707)	-	-	(84,707)	-
Wood Lumber Company Specialties, Inc.					
Loan 1	216,557	-	-	216,557	-
Allowance for uncollectible	(216,557)	-	-	(216,557)	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2023

7. Internal and Interfund Balances and Transfers

Internal balances between funds and activities for the year ended June 30, 2023 were as follows:

Balances

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	Library Fund	\$ 27,623	Hotel/Motel Tax Revenue
General Fund	Federal Nutrition Fund	64,074	Operational Support
		<u>\$ 91,697</u>	

Reconciliation to Fund Financial Statements and Statement of Net Position:

	<u>Due From</u>	<u>Due To</u>	<u>Net Balances</u>
Governmental Funds	\$ 91,697	\$ (91,697)	\$ -
Proprietary Funds	-	-	-
Total	<u>\$ 91,697</u>	<u>\$ (91,697)</u>	<u>\$ -</u>

Transfers

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
General Fund	IPWA	1,681,678	Transfer of Sales Tax
IPWA	General Fund	945,750	Return of unused of Sales Tax
IPWA	Special Grant Fund	132,568	Transfer of Capital Outlay
General Fund	Special Grant Fund	25,000	Transfer of Capital Outlay
Federal Nutrition	General Fund	31,213	Operating Subsidy
General Fund	Federal Nutrition	14,866	Operating Subsidy
		<u>\$ 2,831,075</u>	

Reconciliation to Fund & Government Wide Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers per SRECNA</u>	<u>Net Transfers per SOA</u>
Governmental Funds	\$ 1,149,397	\$ (1,752,757)	\$ (603,360)	\$ (603,360)
Proprietary Funds	1,681,678	(1,078,318)	603,360	603,360
Total	<u>\$ 2,831,075</u>	<u>\$ (2,831,075)</u>	<u>\$ -</u>	<u>\$ -</u>

8. Risk Management

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

9. Pension Plan Participation

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

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

Firefighter Pension System

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

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

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

Police Pension System

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

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

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

City of Idabel Retirement Plan

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

Funding Policy—Employees must complete six months of service and attain age 20 before becoming eligible to participate. An employee must contribute 2%, but may contribute up to 4%, of their compensation. Employees' contributions are 100% vested. For non-elected City employees, the City contributes 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 \$1,946,611 in 2023.

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2023

Summary of Contributions

City of Idabel Retirement Fund			Oklahoma Firefighter's Pension and Retirement System			Oklahoma Police Pension and Retirement System		
Fiscal Year	Employee Contribution	Employer Contribution	Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2021	62,482	233,973	2021	62,276	100%	2021	88,260	100%
2022	65,888	244,673	2022	62,185	100%	2022	95,076	100%
2023	67,637	253,059	2023	60,004	100%	2023	94,458	100%

10. Commitments and Contingencies

Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2023, the reporting entity's long-term debt changed as follows:

Type of Debt	Restated Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
<u>Governmental Activities:</u>					
Notes payable (direct borrowings)	\$ 1,992,957	\$ 61,990	\$ 92,227	\$ 1,962,720	\$ 118,250
Total Governmental Activities	<u>\$ 1,992,957</u>	<u>\$ 61,990</u>	<u>\$ 92,227</u>	<u>\$ 1,962,720</u>	<u>\$ 118,250</u>
<u>Business-Type Activities:</u>					
Notes payable (direct borrowings)	\$ 3,745,000	\$ 228,309	\$ 132,917	3,840,392	\$ 90,000
Total Business-Type Activities	<u>\$ 3,745,000</u>	<u>\$ 228,309</u>	<u>\$ 132,917</u>	<u>\$ 3,840,392</u>	<u>\$ 90,000</u>
Total Long-Term Debt	<u>\$ 5,737,957</u>	<u>\$ 290,299</u>	<u>\$ 225,144</u>	<u>\$ 5,803,112</u>	<u>\$ 208,250</u>

Governmental activities:

At June 30, 2023, the governmental activities long-term debt payable from taxes and other general revenues includes the following:

Notes Payable (direct borrowings):

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.

\$ 1,783,280

CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2023

On August 1, 2016, the City of Idabel issued a promissory note to Welch State Bank for \$283,531, with an interest rate of 3.89%. The purpose of the note is to provide funding for the purchase of a 2017 KME Commercial Pumper (i.e., equipment) for the City's fire department. The note is secured by the equipment, and final payment is due August 1 2028. 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 twelve percent (12%) per annum, 3) repossess the equipment.

117,450

On August 2, 2022, the City of Idabel issued two promissory notes to Welch State Bank for \$30,995, each for a combined total \$61,990, with an interest rate of 4.93% on both notes. The purpose of each note is to provide funding for the purchase of two 2022 Ford F150 Police Responder vehicles (i.e., equipment). The note is secured by the equipment, and final payment is due August 2 2025. 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 twelve percent (12%) per annum, 3) repossess the equipment.

61,990

Total Notes Payable	\$	1,962,720
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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, 2023, includes the following:

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.

\$ 3,655,000

On July 6, 2022, the Idabel Public Works Authority signed a promissory note to Arvest Equipment Finance for \$228,309, with an interest rate of 3.06%. The purpose of the note is to provide funding for the purchase of two new 2022 Freightliner vehicles for the Sanitation department (i.e., equipment). The note is secured by the equipment, and final payment is due July 6, 2027. 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 eighteen percent (18%) per annum, 3) repossess the equipment.

185,392

Total Notes Payable	\$	3,840,392
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CITY OF IDABEL, OKLAHOMA

Notes to the Financial Statements

For the Year Ended June 30, 2023

Due to Depositors:

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

223,711

Noncurrent Portion of Due to Depositors

\$ 223,711

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

<u>Year Ending June 30, 2023</u>	<u>Governmental Activities</u>	
	<u>Notes Payable</u>	
	<u>(direct borrowings)</u>	
	<u>Principal</u>	<u>Interest</u>
2024	118,250	105,287
2025	124,973	99,474
2026	131,598	92,852
2027	115,566	86,149
2028	101,578	80,223
2029-2033	548,261	315,281
2034-2038	712,285	147,715
2039-2043	110,209	5,189
Totals	<u>\$ 1,962,720</u>	<u>\$ 932,170</u>

<u>Year Ending June 30, 2023</u>	<u>Business Type Activities</u>	
	<u>Notes Payable</u>	
	<u>(direct borrowings)</u>	
	<u>Principal</u>	<u>Interest</u>
2024	90,000	136,338
2025	139,232	131,989
2026	145,621	127,454
2027	147,036	122,287
2028	153,503	116,485
2029-2033	600,000	511,150
2034-2038	715,000	395,089
2039-2043	845,000	262,029
2044-2048	1,005,000	95,622
Totals	<u>\$ 3,840,392</u>	<u>\$ 1,898,443</u>

Conduit Debt—2020 Series Revenue Bonds

On July 16, 2020, the Idabel Public Works Authority issued School Support Revenue Bonds, Series 2020, in the amount of \$7,859,700 for the purpose of acquiring, constructing, renovating, furnishing, and equipping educational facilities in Idabel, Oklahoma. Payments due with respect to the Series 2020 bonds are limited obligations of the Authority, payable solely from certain lease rental obligations payable by the School District (the District) under the terms of a lease and from other funds and accounts established under the indenture relating to the Series 2020 bonds. The 2020 Series bonds are not a debt of the City of Idabel, nor are they general obligations of the Authority, but are special limited obligations of the Authority and were issued without recourse to the Authority. The District, through a lease with the Authority, is required to pay to the Authority rent and lease purchase payments in amounts sufficient to pay the interest on the Series 2020 Bonds as it becomes due, during the lease term, and to pay to the Authority the principal of the Series 2020 Bonds when due or required to be redeemed prior to maturity during the lease term. Upon the District's payment of a lease purchase payment, legal title to the portion of the improvements corresponding to that lease purchase payment, as described in the lease, shall vest with the District. Outstanding balance of conduit debt at June 30, 2023 was \$651,681.

Landfill Closure and Post-Closure Requirements

At June 30, 2023, the Idabel Public Works Authority had \$1,428,552 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 \$547,281 for closure and \$924,068 for post-closure with the total amount of \$1,471,349. This amount is based upon what it would cost to perform all closure and post-closure care in 2023. 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. The \$42,797 shortfall between the financial assurance account and the estimated liability was subsequently eliminated in September 2023.

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, 2023, is \$163,557 for the General Fund and \$72,049 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 2023, 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.

CITY OF IDABEL
 Budgetary Comparison Schedule
 (Budgetary Basis)
 For the Year Ended June 30, 2023

General Fund	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts, Budgetary Basis	Budget - Positive (Negative)
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 2,705,167	\$ 2,705,167
RESOURCES (INFLOWS):				
Taxes	3,721,000	3,721,000	4,042,764	321,764
Intergovernmental	276,500	276,500	380,468	103,968
Charges for services	-	-	981	981
Fees and fines	100,000	100,000	114,636	14,636
Licenses and permits	103,000	103,000	44,487	(58,513)
Investment earnings	6,500	6,500	58,584	52,084
Miscellaneous	134,400	134,400	107,040	(27,360)
Other Financing Sources - Transfers In	873,000	873,000	976,963	103,963
Total Resources	5,214,400	5,214,400	5,725,923	511,523
Amounts available for appropriation	5,214,400	5,214,400	8,431,090	3,216,690
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Departmental:				
General Government:				
City manager	104,512	104,512	99,329	5,183
City clerk	224,660	224,660	235,028	(10,368)
General government	207,267	207,267	179,087	28,180
Ordinance code inspector	67,986	67,986	72,883	(4,897)
Street:				
Street	981,853	981,853	925,100	56,753
Public Safety:				
Police	1,802,231	1,802,231	1,729,458	72,773
Fire	811,805	811,805	775,779	36,026
Cemetery	236,964	236,964	171,346	65,618
Legal and Judicial:				
City Judge	51,563	51,563	50,294	1,269
City Attorney	34,200	34,200	21,977	12,223
Culture and Recreation:				
Library	41,703	41,703	41,885	(182)
Parks	52,746	52,746	9,717	43,029
Community Support:				
Nutrition	207,184	207,184	194,012	13,172
Airport	159,147	159,147	111,493	47,654
Maintenance	88,421	88,421	82,882	5,539
Industrial Development	142,158	142,158	142,157	1
Total Charges to Appropriations	5,214,400	5,214,400	4,842,427	371,973
Excess (deficiency) of revenues over expenditures	-	-	883,496	883,496
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 3,588,663	\$ 3,588,663

(UNAUDITED)

CITY OF IDABEL
 Budgetary Comparison Schedule
 (Budgetary Basis)
 For the Year Ended June 30, 2023

Footnotes to Budgetary Comparison Schedules:

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

	Per Statement of Changes in Fund Balance	Reclass transfers out	LETN Fund	MCRA Fuel Farm Fund	Cemetery Maintenance Fund	Per Budgetary Comparison Schedule
Resources (Inflows):						
Total Revenues	\$ 6,840,856	\$(1,721,544)	\$ (11,436)	\$(350,333)	\$ (8,583)	\$ 4,748,960
Transfers in	976,963	-	-	-	-	976,963
Fund balance, beginning	3,188,543	-	(26,052)	(245,130)	(212,194)	2,705,167
Total Revenues and Other Financing Sources	<u>11,006,362</u>	<u>(1,721,544)</u>	<u>(37,488)</u>	<u>(595,463)</u>	<u>(220,777)</u>	<u>8,431,090</u>
Charges to Appropriations (Outflows):						
Total Expenditures	5,197,059	-	(3,138)	(348,970)	(2,524)	4,842,427
Transfers Out	1,721,544	(1,721,544)	-	-	-	-
Total Expenditures and Other Financing Uses	<u>6,918,603</u>	<u>(1,721,544)</u>	<u>(3,138)</u>	<u>(348,970)</u>	<u>(2,524)</u>	<u>4,842,427</u>
Ending Fund Balance	<u>\$ 4,087,759</u>	<u>\$ -</u>	<u>\$ (34,350)</u>	<u>\$ (246,493)</u>	<u>\$ (218,253)</u>	<u>\$ 3,588,663</u>

(UNAUDITED)

CITY OF IDABEL
Combining Balance Sheet Schedule – General Fund Accounts
(Modified Cash Basis)
June 30, 2023

	<u>General Fund</u>	<u>LETN</u>	<u>MCRA Fuel Farm</u>	<u>Cemetery Maintenance</u>	<u>Total General Fund</u>
ASSETS					
Cash and cash equivalents	\$ 2,825,124	\$ 34,350	\$ 246,493	\$ 167,174	\$ 3,273,141
Investments	820,592	-	-	51,079	871,671
Due from other governments	3,175	-	-	-	3,175
Due from other funds	22,599	-	-	-	22,599
Total assets	<u>3,671,490</u>	<u>34,350</u>	<u>246,493</u>	<u>218,253</u>	<u>4,170,586</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other governments	1,242	-	-	-	1,242
Due to other funds	69,098	-	-	-	69,098
Due to bondholders	12,487	-	-	-	12,487
Total liabilities	<u>82,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,827</u>
FUND BALANCES					
Assigned to:					
Cemetery	-	-	-	217,550	217,550
Airport	-	-	245,456	-	245,456
Police	-	34,206	-	-	34,206
Unassigned	3,588,663	144	1,037	703	3,590,547
Total fund balances	<u>3,588,663</u>	<u>34,350</u>	<u>246,493</u>	<u>218,253</u>	<u>4,087,759</u>
Total liabilities and fund balances	<u>\$ 3,671,490</u>	<u>\$ 34,350</u>	<u>\$ 246,493</u>	<u>\$ 218,253</u>	<u>\$ 4,170,586</u>

CITY OF IDABEL
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance—General Fund Accounts
(Modified Cash Basis)
For the Year Ended June 30, 2023

	General Fund	LETN	MCRA Fuel Farm	Cemetery Maintenance	Total General Fund
REVENUES					
Taxes	\$ 5,764,308	\$ -	\$ -	\$ -	\$ 5,764,308
Intergovernmental	380,468	-	-	-	380,468
Charges for services	981	10,748	345,033	4,205	360,967
Fees and fines	114,636	-	-	-	114,636
Licenses and permits	44,487	-	-	-	44,487
Investment income	58,584	688	5,300	4,378	68,950
Miscellaneous	107,040	-	-	-	107,040
Total revenues	<u>6,470,504</u>	<u>11,436</u>	<u>350,333</u>	<u>8,583</u>	<u>6,840,856</u>
EXPENDITURES					
General government	586,327	-	-	-	586,327
Streets and highways	871,077	-	-	-	871,077
Public Safety	2,447,151	3,138	-	-	2,450,289
Cemetery	171,346	-	-	2,524	173,870
Legal and judicial	72,271	-	-	-	72,271
Culture and recreation	51,602	-	-	-	51,602
Community support	194,012	-	-	-	194,012
Airport	111,493	-	264,394	-	375,887
Maintenance	82,882	-	-	-	82,882
Industrial development	142,157	-	-	-	142,157
Capital Outlay	84,952	-	84,576	-	169,528
Debt Service:					
Principal	22,161	-	-	-	22,161
Interest and other charges	4,996	-	-	-	4,996
Total Expenditures	<u>4,842,427</u>	<u>3,138</u>	<u>348,970</u>	<u>2,524</u>	<u>5,197,059</u>
Excess (deficiency) of revenues over expenditures	<u>1,628,077</u>	<u>8,298</u>	<u>1,363</u>	<u>6,059</u>	<u>1,643,797</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	976,963	-	-	-	976,963
Transfers out	(1,721,544)	-	-	-	(1,721,544)
Total other financing sources and uses	<u>(744,581)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(744,581)</u>
Net change in fund balances	883,496	8,298	1,363	6,059	899,216
Fund balances - beginning	<u>2,705,167</u>	<u>26,052</u>	<u>245,130</u>	<u>212,194</u>	<u>3,188,543</u>
Fund balances - ending	<u>\$ 3,588,663</u>	<u>\$ 34,350</u>	<u>\$ 246,493</u>	<u>\$ 218,253</u>	<u>\$ 4,087,759</u>

CITY OF IDABEL
Combining Balance Sheet—Nonmajor Governmental Funds
(Modified Cash Basis)
June 30, 2023

	<u>SPECIAL REVENUE FUNDS</u>		Total-Other
	<u>Federal</u>	<u>Library</u>	<u>Governmental</u>
	<u>Nutrition</u>		<u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 266,791	\$ 266,791
Due from other funds	41,475	27,623	69,098
Total assets	<u>41,475</u>	<u>294,414</u>	<u>335,889</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	<u>22,599</u>	<u>-</u>	<u>22,599</u>
Total liabilities	<u>22,599</u>	<u>-</u>	<u>22,599</u>
 FUND BALANCES			
Restricted for:			
Library	-	279,673	279,673
Nutrition	18,876	-	18,876
Assigned to:			
Library	-	13,619	13,619
Unassigned	-	1,122	1,122
Total fund balances	<u>18,876</u>	<u>294,414</u>	<u>313,290</u>
Total liabilities and fund balances	<u>\$ 41,475</u>	<u>\$ 294,414</u>	<u>\$ 335,889</u>

CITY OF IDABEL
Combining Statement of Revenues, Expenditures and Changes in Fund Balance—Nonmajor Governmental Funds
(Modified Cash Basis)
For the Year Ended June 30, 2023

	SPECIAL REVENUE FUNDS		Total-Other Governmental Funds
	Federal Nutrition	Library	
REVENUES			
Taxes	\$ 65,480	\$ 155,320	\$ 220,800
Investment income	-	4,518	4,518
Miscellaneous - donations and other	-	32,750	32,750
Total revenues	<u>65,480</u>	<u>192,588</u>	<u>258,068</u>
EXPENDITURES			
Current:			
Culture and recreation	-	10,696	10,696
Community support	74,364	-	74,364
Principal	-	70,066	70,066
Interest and other charges	-	101,934	101,934
Total Expenditures	<u>74,364</u>	<u>182,696</u>	<u>257,060</u>
Excess (deficiency) of revenues over expenditures	<u>(8,884)</u>	<u>9,892</u>	<u>1,008</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	14,866	-	14,866
Transfers out	<u>(31,213)</u>	<u>-</u>	<u>(31,213)</u>
Total other financing sources and uses	<u>(16,347)</u>	<u>-</u>	<u>(16,347)</u>
Net change in fund balances	(25,231)	9,892	(15,339)
Fund balances - beginning	<u>44,107</u>	<u>284,522</u>	<u>328,629</u>
Fund balances - ending	<u>\$ 18,876</u>	<u>\$ 294,414</u>	<u>\$ 313,290</u>

CITY OF IDABEL
Combining Balance Sheet Schedule – IPWA Accounts
(Modified Cash Basis)
June 30, 2023

	<u>IPWA Enterprise Fund Accounts</u>		
	<u>IPWA Fund</u>	<u>IPWA CART Maintenance</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,119,049	\$ 150,259	\$ 3,269,308
Investments	1,607,678	-	1,607,678
Other receivables	6,315	-	6,315
Total current assets	<u>4,733,042</u>	<u>150,259</u>	<u>4,883,301</u>
Non-current assets:			
Restricted:			
Investments	<u>1,680,415</u>	<u>-</u>	<u>1,680,415</u>
Total non-current assets	<u>1,680,415</u>	<u>-</u>	<u>1,680,415</u>
Total assets	<u>6,413,457</u>	<u>150,259</u>	<u>6,563,716</u>
LIABILITIES			
Due to depositors	<u>223,711</u>	<u>-</u>	<u>223,711</u>
Total non-current liabilities	<u>223,711</u>	<u>-</u>	<u>223,711</u>
Total liabilities	<u>223,711</u>	<u>-</u>	<u>223,711</u>
NET POSITION			
Restricted for debt service	28,152	-	28,152
Restricted for other purposes	1,428,552	-	1,428,552
Unrestricted	<u>4,733,042</u>	<u>150,259</u>	<u>4,883,301</u>
Total net position	<u>\$ 6,189,746</u>	<u>\$ 150,259</u>	<u>\$ 6,340,005</u>

CITY OF IDABEL
Combining Schedule of Revenues, Expenses, and Changes in Net Position – IPWA Accounts
(Modified Cash Basis)
For the Year Ended June 30, 2023

	IPWA Enterprise Fund Accounts		
		IPWA CART	
	IPWA Fund	Maintenance Fund	Total
REVENUES			
Charges for services:			
Water charges	\$ 1,152,785	\$ -	\$ 1,152,785
Sewer charges	712,638	-	712,638
Sanitation charges	884,174	29,221	913,395
Landfill charges	399,290	-	399,290
Water taps	8,806	-	8,806
Sewer taps	4,000	-	4,000
Penalties	50,449	-	50,449
Reconnect fees	54,580	-	54,580
Transfer fees	710	-	710
Insufficient check charge	875	-	875
Miscellaneous	25,417	-	25,417
Total operating revenues	<u>3,293,724</u>	<u>29,221</u>	<u>3,322,945</u>
OPERATING EXPENSES			
Managerial	89,079	-	89,079
Water-other	744,768	-	744,768
Sanitation	818,655	24,021	842,676
Landfill	319,346	-	319,346
Lift station	139,950	-	139,950
Filter plant	460,631	-	460,631
Sewer plant	372,741	-	372,741
Sewer-other	287,972	-	287,972
Total Operating Expenses	<u>3,233,142</u>	<u>24,021</u>	<u>3,257,163</u>
Operating income	<u>60,582</u>	<u>5,200</u>	<u>65,782</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	113,270	3,319	116,589
Capital outlay	(529,586)	-	(529,586)
Debt service:			
Principal retirement	(132,917)	-	(132,917)
Interest expense	(140,983)	-	(140,983)
Total non-operating revenue (expenses)	<u>(690,216)</u>	<u>3,319</u>	<u>(686,897)</u>
Income (loss) before transfers	<u>(629,634)</u>	<u>8,519</u>	<u>(621,115)</u>
Transfers in	1,681,678	-	1,681,678
Transfers out	(1,078,318)	-	(1,078,318)
Change in net position	<u>(26,274)</u>	<u>8,519</u>	<u>(17,755)</u>
Total net position - beginning	<u>6,216,020</u>	<u>141,740</u>	<u>6,357,760</u>
Total net position - ending	<u>\$ 6,189,746</u>	<u>\$ 150,259</u>	<u>\$ 6,340,005</u>

CITY OF IDABEL
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal/Pass through agency Grantor/Program Title	ALN	Grant #	Award Amount	Expenditures
Federal				
Department of Agriculture				
<i>Passed through the Oklahoma Department of Human Services and Kiamichi Area Nutrition Project:</i>				
Food Distribution	10.550	N/A	\$ 65,356	\$ 65,356
Department of Justice				
<i>Passed through the Oklahoma District Attorneys Council:</i>				
Violence Against Women Act (VAWA)	16.588	2022/2023-VAWA-Idabel-CI-00026	92,398	56,007
Justice Assistance Grant - Local Law Enforcement	16.738	JAG-LLE-2023-Idabel CI-00110	10,000	10,000
Total Department of Justice			<u>102,398</u>	<u>66,007</u>
Department of Transportation - Federal Aviation Administration				
Airport Improvement Program - Parallel Taxiway, Runway, Apron	20.106	3-40-0137-013-2018	2,765,221	338,814
Airport Improvement Program - Parallel Taxiway, Runway, Apron	20.106	3-40-0137-015-2021	259,259	90,449
Airport Improvement Program - Parallel Taxiway, Runway, Apron	20.106	3-40-0137-018-2022	2,825,100	996,195
Subtotal 20.106			<u>5,849,580</u>	<u>1,425,458</u>
Department of Transportation				
<i>Passed through the Oklahoma Highway Safety Office:</i>				
Idabel Traffic Enforcement	20.600	PT-22-03-14-09	16,325	2,906
Idabel Traffic Enforcement	20.600	PT-23-03-17-10	30,343	7,279
Subtotal 20.600			<u>46,668</u>	<u>10,185</u>
Total Department of Transportation			<u>5,896,248</u>	<u>1,435,643</u>
Department of Treasury				
<i>Passed through the Oklahoma Office of Management and Enterprise Services:</i>				
Coronavirus State and Local Fiscal Recovery - American Rescue Plan Act	21.027	N/A	1,200,832	603,248
Department of Homeland Security				
<i>Passed through the Federal Emergency Management Agency:</i>				
Emergency Food and Shelter Program	97.024	Phase 39	2,584	1,292
Total Federal			<u>7,267,418</u>	<u>2,171,546</u>

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.
3. The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION



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 discretely component unit, each major fund, and the aggregate remaining fund information of City of Idabel, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Idabel, Oklahoma's basic modified cash basis financial statements, and have issued our report thereon dated May 6, 2024.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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.

A handwritten signature in black ink that reads "HBC CPA's & Advisors". The signature is written in a cursive, stylized font.

Oklahoma City, Oklahoma
May 6, 2024



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

To the City Council
City of Idabel, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Idabel, Oklahoma's compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Idabel, Oklahoma and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Idabel, Oklahoma's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implantation, and maintenance of effective internal control over compliances with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Idabel, Oklahoma's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Idabel, Oklahoma's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Idabel, Oklahoma's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Idabel, Oklahoma's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Idabel, Oklahoma's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 City of Idabel, Oklahoma's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
May 6, 2024

City of Idabel
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

I. Summary of Auditors' Results

Financial Statements

Type of audit report issued	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
• Noncompliance which is material to the financial statements noted?	No

Federal Rewards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major 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

C DFA Number	Name of Federal Program or Cluster
20.106	US Department of Transportation
Dollar threshold to distinguish between Type A and Type B programs	\$750,000
Auditee qualifies 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, 2023

There were no prior year audit findings for the period ended June 30, 2022.