



# CITY OF IDABEL, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR  
ENDED JUNE 30, 2015

**THE CITY OF IDABEL, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

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## Independent Auditor's Report

Honorable Mayor and City Council  
City of Idabel  
Idabel, Oklahoma

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Idabel, State of Oklahoma ("the City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

5028 E. 101st Street

Tulsa, OK 74137

TEL: 918.492.3388

FAX: 918.492.4443

[www.SBAdvisors.com](http://www.SBAdvisors.com)



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

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

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position---modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Idabel, as of June 30, 2015, and the respective changes in financial position---modified cash basis, thereof for the year then ended in accordance with the basis of accounting described in Note 1.

### ***Emphasis of Matters***

#### ***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Report on Supplementary and Other Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section 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 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional 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 non-major fund financial statements 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 March 21, 2016 on our consideration of City of Idabel's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Idabel's internal control over financial reporting and compliance.

*Hill & Company, PC*

Tulsa, Oklahoma  
March 21, 2016



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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, 2015. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

## **FINANCIAL HIGHLIGHTS**

- As reported on a modified cash basis, the City's total net position decreased by \$508,058, and the assets of the City exceed its liabilities at June 30, 2015, by \$6,967,159 (net position). Of this amount, \$4,094,087 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2015, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$2,651,381.
- At the end of fiscal year 2015, unassigned fund balance on a modified cash basis for the General Fund was \$754,553 or 15.7% of General Fund revenues.

## **ABOUT THE CITY**

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

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

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

### ***The City's Financial Reporting Entity***

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

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

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



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

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

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

### **Reporting the City as a Whole**

#### ***The Statement of Net Position and the Statement of Activities***

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

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

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

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

### ***Fund Financial Statements***

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

*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 21-36 of this report.

### **Other Information**

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

**CITY OF IDABEL, OKLAHOMA**  
Management's Discussion and Analysis  
As of and for the Year Ended June 30, 2015

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**THE CITY AS A WHOLE**

For the year ended June 30, 2015, net position on a modified cash basis for the governmental and business-type activities decreased \$508,058.

**Net Position (Modified Cash Basis)  
June 30, 2015**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Beginning net position	\$ 2,362,260	\$ 5,112,957	\$ 7,475,217
Change in net position	<u>289,121</u>	<u>(797,179)</u>	<u>(508,058)</u>
Ending net position	<u><u>\$ 2,651,381</u></u>	<u><u>\$ 4,315,778</u></u>	<u><u>\$ 6,967,159</u></u>

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

	<b>Governmental Activities</b>		<b>% Inc. (Dec.)</b>	<b>Business-type Activities</b>		<b>% Inc. (Dec.)</b>	<b>Total Primary Government</b>		<b>% Inc. (Dec.)</b>
	<b>2015</b>	<b>2014</b>		<b>2015</b>	<b>2014</b>		<b>2015</b>	<b>2014</b>	
Assets	<u>\$ 2,664,988</u>	<u>\$ 2,377,822</u>	12%	<u>\$ 4,528,757</u>	<u>\$ 5,327,291</u>	-15%	<u>\$ 7,193,745</u>	<u>\$ 7,705,113</u>	-7%
Total assets	<u>2,664,988</u>	<u>2,377,822</u>	12%	<u>4,528,757</u>	<u>5,327,291</u>	-15%	<u>7,193,745</u>	<u>7,705,113</u>	-7%
Liabilities	<u>13,607</u>	<u>15,562</u>	-13%	<u>212,979</u>	<u>214,334</u>	-1%	<u>226,586</u>	<u>229,896</u>	-1%
Total liabilities	<u>13,607</u>	<u>15,562</u>	-13%	<u>212,979</u>	<u>214,334</u>	-1%	<u>226,586</u>	<u>229,896</u>	-1%
Net position:									
Restricted	1,040,546	968,359	7%	1,832,526	1,087,081	69%	2,873,072	2,055,440	40%
Unrestricted	<u>1,610,835</u>	<u>1,393,901</u>	16%	<u>2,483,252</u>	<u>4,025,876</u>	-38%	<u>4,094,087</u>	<u>5,419,777</u>	-24%
Total net position	<u><u>\$ 2,651,381</u></u>	<u><u>\$ 2,362,260</u></u>	12%	<u><u>\$4,315,778</u></u>	<u><u>\$5,112,957</u></u>	-16%	<u><u>\$6,967,159</u></u>	<u><u>\$7,475,217</u></u>	-7%

A portion of the City's net position, \$2,873,072, 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, 2015**

**Changes in Net Position (Modified Cash Basis)**  
**Year Ended June 30, 2015**

	<b>Governmental Activities</b>		<b>% Inc. (Dec.)</b>	<b>Business-Type Activities</b>		<b>% Inc. (Dec.)</b>	<b>Total</b>		<b>% Inc. (Dec.)</b>
	<b>2015</b>	<b>2014</b>		<b>2015</b>	<b>2014</b>		<b>2015</b>	<b>2014</b>	
Revenues:									
Program revenues:									
Charges for services	\$ 429,328	\$ 426,716	1%	\$ 2,451,930	\$ 2,383,849	3%	\$ 2,881,258	\$ 2,810,565	3%
Operating grants/contributions	174,369	252,337	-31%	-	-	-	174,369	252,337	-31%
Capital grants/contributions	1,520,772	1,342,385	13%	-	-	-	1,520,772	1,342,385	13%
General revenues:									
Sales and use taxes	3,533,095	3,398,422	4%	-	-	-	3,533,095	3,398,422	4%
Other taxes	355,081	347,127	2%	-	-	-	355,081	347,127	2%
Other general revenue	530,569	412,243	29%	79,725	139,340	-43%	610,294	551,583	11%
Total revenues	<u>6,543,214</u>	<u>6,179,230</u>	<u>6%</u>	<u>2,531,655</u>	<u>2,523,189</u>	<u>0%</u>	<u>9,074,869</u>	<u>8,702,419</u>	<u>4%</u>
Program expenses:									
General government	446,214	941,387	-53%	-	-	-	446,214	941,387	-53%
Streets	723,461	664,484	9%	-	-	-	723,461	664,484	9%
Public safety	1,998,874	1,949,231	3%	-	-	-	1,998,874	1,949,231	3%
Cemetery	201,291	207,569	-3%	-	-	-	201,291	207,569	-3%
Legal and judicial	51,231	54,828	-7%	-	-	-	51,231	54,828	-7%
Culture and recreation	52,901	44,505	19%	-	-	-	52,901	44,505	19%
Community development	234,214	218,132	7%	-	-	-	234,214	218,132	7%
Airport	1,666,514	1,732,064	-4%	-	-	-	1,666,514	1,732,064	-4%
Maintenance	63,782	64,274	-1%	-	-	-	63,782	64,274	-1%
Industrial development	109,295	108,922	0%	-	-	-	109,295	108,922	0%
Principal Retirement	97,537	100,442	-3%	-	-	-	97,537	100,442	-3%
Interest and fiscal agent fees	104,997	110,749	-5%	-	-	-	104,997	110,749	-5%
Water operations	-	-	-	1,293,218	1,151,337	12%	1,293,218	1,151,337	12%
Sewer operations	-	-	-	1,127,583	971,056	16%	1,127,583	971,056	16%
Sanitation operations	-	-	-	864,567	580,458	49%	864,567	580,458	49%
Governmental Principal Retirement	-	-	-	37,336	-	100%	37,336	-	100%
Governmental Interest Expense	-	-	-	6,075	9,416	-35%	6,075	9,416	-35%
Total expenses	<u>5,750,311</u>	<u>6,196,587</u>	<u>-7%</u>	<u>3,328,779</u>	<u>2,712,267</u>	<u>23%</u>	<u>9,079,090</u>	<u>8,908,854</u>	<u>2%</u>
Excess (deficiency) before transfers	792,903	(17,357)	-4668%	(797,124)	(189,078)	322%	(4,221)	(206,435)	-98%
Special item-Loss on acquisition of landfill	-	-	-	(503,837)	-	100%	(503,837)	-	100%
Net transfers in (out)	<u>(503,782)</u>	<u>(447,588)</u>	<u>-13%</u>	<u>503,782</u>	<u>447,588</u>	<u>13%</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>\$ 289,121</u>	<u>(\$ 464,945)</u>	<u>162%</u>	<u>\$ (797,179)</u>	<u>\$ 258,510</u>	<u>-408%</u>	<u>\$ (508,058)</u>	<u>(\$ 206,435)</u>	<u>146%</u>
Net position - beginning	<u>\$ 2,362,260</u>	<u>\$ 2,827,205</u>		<u>\$ 5,112,957</u>	<u>\$ 4,854,447</u>		<u>7,475,217</u>	<u>\$ 7,681,652</u>	<u>-3%</u>
Net position - ending	<u>\$ 2,651,381</u>	<u>\$ 2,362,260</u>		<u>\$ 4,315,778</u>	<u>\$ 5,112,957</u>		<u>\$ 6,967,159</u>	<u>\$ 7,475,217</u>	<u>-7%</u>

**Governmental Activities**

The City's governmental activities' had an increase in net position compared to the prior year decrease. This is due primarily to an increase in capital grants/contributions and sales and use tax revenues over the prior year.

**CITY OF IDABEL, OKLAHOMA**  
Management's Discussion and Analysis  
As of and for the Year Ended June 30, 2015

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

	<b>Total Expense of Services</b>		<b>% Inc (Dec)</b>	<b>Net Revenue (Expense) of Services</b>		<b>% Inc (Dec)</b>
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>	
General government	\$ 446,214	\$ 941,387	-52.6%	\$ (409,752)	\$ (926,834)	-55.8%
Streets	723,461	664,484	8.9%	(659,808)	(602,207)	9.6%
Public safety	1,998,874	1,949,231	2.5%	(1,822,229)	(1,762,805)	3.4%
Cemetery	201,291	207,569	-3.0%	(199,119)	(190,931)	4.3%
Legal and judicial	51,231	54,828	-6.6%	(51,231)	(54,828)	-6.6%
Culture and recreation	52,901	44,505	18.9%	3,499	26,495	-86.8%
Community development	234,214	218,132	7.4%	(157,420)	(144,237)	9.1%
Airport	1,666,514	1,732,064	-3.8%	45,829	(135,415)	-133.8%
Maintenance	63,782	64,274	-0.8%	(63,782)	(64,274)	-0.8%
Industrial development	109,295	108,922	0.3%	(109,295)	(108,922)	0.3%
Principal Retirement	97,537	100,442	-2.9%	(97,537)	(100,442)	-2.9%
Interest and fiscal agent fees	104,997	110,749	-5.2%	(104,997)	(110,749)	-5.2%
<b>Total</b>	<u>\$5,750,311</u>	<u>\$ 6,196,587</u>	<u>-7.2%</u>	<u>\$ (3,625,842)</u>	<u>\$ (4,175,149)</u>	<u>-13.2%</u>

**Business-type Activities**

The business-type activities' had a decrease in net position compared to the prior year increase. This is due in large part to write off of the notes receivable related to the landfill and the \$503,837 loss related to taking the landfill back over.

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

	<b>Total Expense of Services</b>		<b>% Inc (Dec)</b>	<b>Net Revenue (Expense) of Services</b>		<b>% Inc (Dec)</b>
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>	
Water operations	1,293,218	1,151,337	12.3%	(239,465)	(130,516)	83.5%
Wastewater operations	1,127,583	971,056	16.1%	(393,058)	(249,879)	57.3%
Sanitation operations	864,567	580,458	48.9%	(200,915)	61,393	-427.3%
Governmental Principal Retirement	37,336	-	100.0%	(37,336)	-	-100.0%
Governmental Interest Expense	6,075	9,416	-35.5%	(6,075)	(9,416)	-35.5%
<b>Total</b>	<u>\$3,328,779</u>	<u>\$2,712,267</u>	<u>22.7%</u>	<u>(\$876,849)</u>	<u>(\$328,418)</u>	<u>167.0%</u>



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

As the City completed its 2015 fiscal year, the governmental funds reported a combined fund balance of \$2,651,381. For the year ended June 30, 2015, the General Fund's total fund balance increased by \$216,520.

### **Budgetary Highlights**

Total revenues were more than the amount budgeted by \$198,128, while the total expenditures were under the amount budgeted by \$396,098.

## **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 expenses for the 2016 fiscal year are each budgeted to decrease approximately \$102,000.
- The IPWA revenues and expenses for the 2016 fiscal year are each budgeted to increase approximately \$206,000.

## **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 Authority can be contacted at 7 Southwest Texas, Idabel, Oklahoma 74745.

**CITY OF IDABEL, OKLAHOMA**

## Statement of Net Position

(Modified Cash Basis)

June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Idabel Industrial Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,209,986	\$ 1,709,858	\$ 3,919,844	\$ 1,115,733
Investments	452,740	2,817,911	3,270,651	-
Internal balances	(913)	913	-	-
Due from other governments	3,175	-	3,175	-
Other receivables	-	75	75	-
Total assets	<u>2,664,988</u>	<u>4,528,757</u>	<u>7,193,745</u>	<u>1,115,733</u>
<b>LIABILITIES</b>				
Due to other governments	845	-	845	-
Due to bondholders	12,762	-	12,762	-
Due to depositors	-	212,979	212,979	-
Total liabilities	<u>13,607</u>	<u>212,979</u>	<u>226,586</u>	<u>-</u>
<b>NET POSITION</b>				
Restricted for:				
Grant purposes	445,039	-	445,039	-
Cemetery	45,963	-	45,963	-
Library	387,559	-	387,559	-
E-911	161,225	-	161,225	-
Transportation	302	-	302	-
Emergency food and shelter program	458	-	458	-
Debt service	-	1,832,526	1,832,526	-
Unrestricted	1,610,835	2,483,252	4,094,087	1,115,733
Total net position	<u>\$ 2,651,381</u>	<u>\$ 4,315,778</u>	<u>\$ 6,967,159</u>	<u>\$ 1,115,733</u>

**CITY OF IDABEL, OKLAHOMA**  
Statement of Activities  
(Modified Cash Basis)  
For the Year Ended June 30, 2015

Function/Program	Program Revenue				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	Idabel Industrial Development Authority
<b>Primary government</b>								
Governmental Activities								
General Government	\$ 446,214	\$ 33,101	\$ -	\$ 3,361	\$ (409,752)	\$ -	\$ (409,752)	\$ -
Streets	723,461	-	63,653	-	(659,808)	-	(659,808)	-
Public Safety	1,998,874	142,723	33,922	-	(1,822,229)	-	(1,822,229)	-
Cemetery	201,291	2,172	-	-	(199,119)	-	(199,119)	-
Legal and judicial	51,231	-	-	-	(51,231)	-	(51,231)	-
Culture and Recreation	52,901	-	-	56,400	3,499	-	3,499	-
Community development	234,214	-	76,794	-	(157,420)	-	(157,420)	-
Airport	1,666,514	251,332	-	1,461,011	45,829	-	45,829	-
Maintenance	63,782	-	-	-	(63,782)	-	(63,782)	-
Industrial Development	109,295	-	-	-	(109,295)	-	(109,295)	-
Principal Retirement	97,537	-	-	-	(97,537)	-	(97,537)	-
Interest on Long-term debt	104,997	-	-	-	(104,997)	-	(104,997)	-
Total governmental activities	<u>5,750,311</u>	<u>429,328</u>	<u>174,369</u>	<u>1,520,772</u>	<u>(3,625,842)</u>	<u>-</u>	<u>(3,625,842)</u>	<u>-</u>
Business-type activities:								
Water	1,293,218	1,053,753	-	-	-	(239,465)	(239,465)	-
Wastewater	1,127,583	734,525	-	-	-	(393,058)	(393,058)	-
Sanitation	864,567	663,652	-	-	-	(200,915)	(200,915)	-
Governmental Principal Retirement	37,336	-	-	-	-	(37,336)	(37,336)	-
Governmental Interest Expense	6,075	-	-	-	-	(6,075)	(6,075)	-
Total business-type activities	<u>3,328,779</u>	<u>2,451,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(876,849)</u>	<u>(876,849)</u>	<u>-</u>
<b>Total primary government</b>	<u>9,079,090</u>	<u>2,881,258</u>	<u>174,369</u>	<u>1,520,772</u>	<u>(3,625,842)</u>	<u>(876,849)</u>	<u>(4,502,691)</u>	<u>-</u>
<b>Component Units</b>								
Industrial Development Authority	135,851	16,044	-	-	-	-	-	(119,807)
<b>Total Component Units</b>	<u>\$ 135,851</u>	<u>\$ 16,044</u>	<u>\$ -</u>	<u>\$ -</u>				
<b>General revenues:</b>								
Taxes:								
Sales and use taxes					\$ 3,533,095	\$ -	\$ 3,533,095	\$ 109,595
Occupation taxes					29,740	-	29,740	-
Hotel/motel taxes					110,619	-	110,619	-
Franchise taxes and public service taxes					214,722	-	214,722	-
Intergovernmental revenue not restricted to specific programs					167,779	-	167,779	-
Unrestricted investment earnings					6,473	55,152	61,625	2,134
Miscellaneous					356,317	24,573	380,890	25,837
Special Item - loss on acquisition of landfill					-	(503,837)	(503,837)	-
Transfers					(503,782)	503,782	-	-
Total general revenues and transfers					<u>3,914,963</u>	<u>79,670</u>	<u>3,994,633</u>	<u>137,566</u>
Change in net position					289,121	(797,179)	(508,058)	17,759
Net position - beginning					2,362,260	5,112,957	7,475,217	1,097,974
Net position - ending					<u>\$ 2,651,381</u>	<u>\$ 4,315,778</u>	<u>\$ 6,967,159</u>	<u>\$ 1,115,733</u>

See accompanying notes to the basic financial statements.

**CITY OF IDABEL, OKLAHOMA****Governmental Funds Balance Sheet****(Modified Cash Basis)****June 30, 2015**

	<b>General Fund</b>	<b>Library</b>	<b>Special Grant Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,219,877	\$ 381,628	\$ 445,039	\$ 163,442	\$ 2,209,986
Investments	452,740	-	-	-	452,740
Due from other governments	3,175	-	-	-	3,175
Due from other funds	9,407	11,883	-	-	21,290
Total assets	<u>1,685,199</u>	<u>393,511</u>	<u>445,039</u>	<u>163,442</u>	<u>2,687,191</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Due to other governments	845	-	-	-	845
Due to other funds	18,039	-	-	4,164	22,203
Due to bondholders	12,762	-	-	-	12,762
Total liabilities	<u>31,646</u>	<u>-</u>	<u>-</u>	<u>4,164</u>	<u>35,810</u>
<b>Fund balances:</b>					
Restricted for:					
Grant purposes	-	-	445,039	-	445,039
Cemetery capital improvements	45,963	-	-	-	45,963
Library	-	387,559	-	-	387,559
E-911	-	-	-	161,225	161,225
Transportation	-	-	-	302	302
Emergency food & shelter program	-	-	-	458	458
Assigned to:					
Next year's budget	400,000	-	-	-	400,000
Cemetery	240,621	-	-	-	240,621
Airport	202,490	-	-	-	202,490
Police	9,926	-	-	-	9,926
E-911	-	-	-	1,452	1,452
Library	-	5,952	-	-	5,952
Transportation	-	-	-	5	5
Unassigned (deficit)	754,553	-	-	(4,164)	750,389
Total fund balances	<u>1,653,553</u>	<u>393,511</u>	<u>445,039</u>	<u>159,278</u>	<u>2,651,381</u>
Total liabilities and fund balances	<u>\$ 1,685,199</u>	<u>\$ 393,511</u>	<u>\$ 445,039</u>	<u>\$ 163,442</u>	<u>\$ 2,687,191</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, 2015**

	<b>General Fund</b>	<b>Library</b>	<b>Special Grant Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Taxes	\$ 3,778,124	\$ 110,619	\$ -	\$ 76,794	\$ 3,965,537
Intergovernmental	487,863	-	1,477,514	-	1,965,377
Charges for services	264,176	-	-	-	264,176
Fees and fines	141,448	-	-	-	141,448
Licenses and permits	32,674	-	-	-	32,674
Investment earnings	4,852	727	-	163	5,742
Miscellaneous:					
Donations	-	56,400	1,118	-	57,518
Other	110,742	-	-	-	110,742
Total revenues	<u>4,819,879</u>	<u>167,746</u>	<u>1,478,632</u>	<u>76,957</u>	<u>6,543,214</u>
<b>EXPENDITURES</b>					
Current:					
General government	445,336	-	-	-	445,336
Streets and highways	682,037	-	-	-	682,037
Public Safety	1,952,919	-	11,244	-	1,964,163
Cemetery	200,996	-	-	-	200,996
Legal and judicial	51,231	-	-	-	51,231
Culture and recreation	44,509	-	8,403	-	52,912
Community support	151,916	-	-	80,698	232,614
Airport	214,593	-	-	-	214,593
Maintenance	63,782	-	-	-	63,782
Industrial development	109,295	-	-	-	109,295
Capital Outlay	104,829	-	1,425,989	-	1,530,818
Debt Service:					
Principal	42,846	54,691	-	-	97,537
Interest and other charges	4,688	100,309	-	-	104,997
Total Expenditures	<u>4,068,977</u>	<u>155,000</u>	<u>1,445,636</u>	<u>80,698</u>	<u>5,750,311</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>750,902</u>	<u>12,746</u>	<u>32,996</u>	<u>(3,741)</u>	<u>792,903</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	675,000	-	25,000	5,600	705,600
Transfers out	(1,209,382)	-	-	-	(1,209,382)
Total other financing sources and uses	<u>(534,382)</u>	<u>-</u>	<u>25,000</u>	<u>5,600</u>	<u>(503,782)</u>
<b>Net change in fund balances</b>	216,520	12,746	57,996	1,859	289,121
<b>Fund balances - beginning</b>	<u>1,437,033</u>	<u>380,765</u>	<u>387,043</u>	<u>157,419</u>	<u>2,362,260</u>
<b>Fund balances - ending</b>	<u>\$ 1,653,553</u>	<u>\$ 393,511</u>	<u>\$ 445,039</u>	<u>\$ 159,278</u>	<u>\$ 2,651,381</u>



**CITY OF IDABEL, OKLAHOMA**  
Proprietary Funds Statement of Net Position  
(Modified Cash Basis)  
June 30, 2015

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	<b><u>Idabel Public Works Authority</u></b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 885,803
Investments	1,799,440
Restricted:	
Cash and cash equivalents	580,744
Investments	82,000
Due from other funds	913
Other receivables	75
Total current assets	<u>3,348,975</u>
Non-current assets:	
Restricted:	
Cash and cash equivalents	853,754
Investments	326,028
Total non-current assets	<u>1,179,782</u>
Total assets	<u><u>4,528,757</u></u>
<b>LIABILITIES</b>	
Non-current liabilities:	
Due to depositors	<u>212,979</u>
Total non-current liabilities	<u>212,979</u>
Total liabilities	<u>212,979</u>
<b>NET POSITION</b>	
Restricted for debt service	1,832,526
Unrestricted	<u>2,483,252</u>
Total net position	<u><u>\$ 4,315,778</u></u>

**CITY OF IDABEL, OKLAHOMA**  
Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position  
(Modified Cash Basis)  
For the Year Ended June 30, 2015

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	<b><u>Idabel Public Works Authority</u></b>
<b>REVENUES</b>	
Water	\$ 1,008,736
Sewer	702,855
Sanitation	636,657
Water taps	2,025
Sewer taps	1,675
Penalties	46,310
Reconnect fees	29,535
Transfer fees	1,550
Rent income	2,200
Insufficient check charges	779
Miscellaneous	19,608
Total operating revenues	<u>2,451,930</u>
<b>OPERATING EXPENSES</b>	
Managerial	69,896
Water	745,851
Lift station	111,302
Filter plant	368,725
Sewer plant	297,802
Sanitation	574,821
Sewer-other	409,588
Total Operating Expenses	<u>2,577,985</u>
Operating income (loss)	<u>(126,055)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest and investment revenue	55,152
Capital outlay	(325,729)
Debt service:	
Principal retirement	(383,408)
Interest expense	(41,657)
Miscellaneous revenue	24,573
Total non-operating revenue (expenses)	<u>(671,069)</u>
Income (loss) before transfers and special item	(797,124)
Special item-Loss on acquisition of landfill	(503,837)
Transfers in	1,178,782
Transfers out	(675,000)
Change in net position	(797,179)
Total net position - beginning	5,112,957
Total net position - ending	<u><u>\$ 4,315,778</u></u>

**CITY OF IDABEL, OKLAHOMA**  
Proprietary Funds Statement of Cash Flows  
(Modified Cash Basis)  
For the Year Ended June 30, 2015

	<u><b>Idabel Public</b></u> <u><b>Works Authority</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 2,476,503
Payments to suppliers	(1,434,046)
Payments to employees	(1,143,939)
Receipts of customer meter deposits	32,533
Refunds of customer meter deposits	(33,888)
<b>Net cash provided by (used in) operating activities</b>	<u>(102,837)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	1,178,782
Transfers to other funds	(675,000)
Payment to county for loan on landfill	(92,844)
Financial assurance cash received from county	610,350
Disbursements made on notes receivable	18,930
<b>Net cash provided by noncapital financing activities</b>	<u>1,040,218</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(325,729)
Principal paid on debt	(383,408)
Interest and fiscal agent fees paid on debt	(41,657)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(750,794)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(204,606)
Interest and dividends	55,152
<b>Net cash provided by (used in) investing activities</b>	<u>(149,454)</u>
<b>Net increase in cash and cash equivalents</b>	37,133
<b>Balances - beginning of year</b>	<u>2,283,168</u>
<b>Balances - end of year</b>	<u><u>\$ 2,320,301</u></u>
<b>Reconciliation to Statement of Net Position:</b>	
Cash and cash equivalents	885,803
Restricted cash and cash equivalents - current	580,744
Restricted cash and cash equivalents - noncurrent	853,754
<b>Total cash and cash equivalents, end of year</b>	<u><u>2,320,301</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>	
Operating income	\$ (126,055)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Miscellaneous revenue	24,573
Change in assets and liabilities:	
Deposits subject to refund	(1,355)
<b>Net cash provided by (used in) operating activities</b>	<u><u>\$ (102,837)</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, 2015 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, 2016, 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 and permits
- Public Safety—fines and forfeitures, operating and capital grants and contributions.
- Streets and Highways—commercial vehicle and gasoline excise tax shared by the State, operating and capital 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

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.
- Idabel Library Fund—a special revenue fund that accounts for revenues associated with improvements of the Idabel Library.
- Special Grant Project Fund—accounts for miscellaneous grants.

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

**Special Revenue Funds:**

- Federal Nutrition Fund—accounts for annual Kiamichi Area Nutrition Program grants
- Emergency Shelter Grant Fund—accounts for grants received from the Emergency Shelter Program
- E-911 Fund—accounts for collections for the operation of 911 services.

**Capital Project Fund:**

- Transportation Enhancement Fund—accounts for funds associated for a City streetscape project

The governmental funds are reported on a modified cash basis of accounting. Only current financial assets and liabilities resulting from cash transactions are generally included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

Proprietary Funds:

The City's proprietary fund is comprised of the following:

- Idabel Public Works Authority (IPWA) – accounts for the operation of the water, wastewater, and sanitation activities.

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

All of the above noted funds are legally required to adopt annual budgets or appropriations. The public trust (or Authority) is not required to adopt legal annual appropriations. While each trust develops an annual budget, it is for financial management purposes and does not constitute legal appropriations.

**C. Cash, Cash Equivalents and Investments**

Cash and cash equivalents includes all demand and savings accounts, certificates of deposit, and any short-term investments with an original maturity of three months or less, and open-end government mutual funds. Investments consist of long-term certificates of deposits and are reported at cost.

**D. Capital Assets and Depreciation**

Due to the use of the modified cash basis of accounting, capital assets and related depreciation are not reported in the financial statements.

**E. Long-Term Debt**

Due to the use of the modified cash basis of accounting, long-term debt obligations are not reported in the financial statements. However, the amount of long-term debt issued and outstanding at the end of the fiscal year is reported as a commitment in Note 10.

**F. Compensated Absences**

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid compensatory time that would be due employees upon termination is reported as a commitment in Note 10.

**G. Equity Classifications**

Government-Wide Statements:

Equity is classified as net position and displayed in two components:

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

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

Fund Statements:

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

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

It is the City's policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Proprietary fund equity is classified the same as in the government-wide statements.

**H. Internal and Interfund Balances and Transfers**

The City's policy is to eliminate interfund transfers and balances in the statement of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances then offset in the total column in the government-wide statements. Internal transfers and balances between funds are not eliminated in the fund financial statements.

**2. Deposits and Investments**

For the year ended June 30, 2015, the City recognized \$61,625 of investment income. Due to the minimal rates of return on allowable investments in the current environment, most of the City's deposits are in demand and short-term time deposits.

Primary Government

At June 30, 2015, the primary government held the following deposits and investments:

**CITY OF IDABEL, OKLAHOMA**

Notes to the Financial Statements

For the Year Ended June 30, 2015

<u>Type</u>	<u>Carrying Value</u>	<u>Credit Rating</u>	<u>Maturity Date</u>	<u>Market Value</u>
<i>Deposits:</i>				
Demand deposits	\$ 4,317,340	N/A	N/A	N/A
Time deposits	2,402,180	N/A	Due within 1 year	N/A
Total Deposits	<u>\$ 6,719,520</u>			
<i>Other:</i>				
U.S. Treasury Bond	\$ 82,000	N/A	5/15/2016	\$ 86,920
U.S. Treasury Bond	176,028	N/A	5/15/2016	183,380
Goldman Sachs Federal Portfolio	212,947	AAAm1	N/A	212,947
Total Other	<u>470,975</u>			
<b>Total Deposits and Other</b>	<u><b>\$ 7,190,495</b></u>			
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents	\$ 3,919,844			
Investments	3,270,651			
	<u><b>\$ 7,190,495</b></u>			

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

As of June 30, 2015, the City was not exposed to custodial credit risk.

*Investment Credit Risk* —The City has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investments in: 1) full faith and credit, direct obligations of the U.S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; 2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; 3) negotiable certificates of deposits, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; 4) county, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district; and government money market funds regulated by the SEC. Title 60 public trusts are not limited by the same investment limitations of their municipal beneficiary. These investment limitations do not apply to the City's public trusts.

Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of year-end. Unless there is information to the contrary, obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality.

*Investment Interest Rate Risk* — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no formal policy limiting Investment Interest Rate Risk. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments.

As noted in the schedule of deposits and investments above, at June 30, 2015, the investments held by the City mature on May 15, 2016 and are subject to early call or redemption.

**CITY OF IDABEL, OKLAHOMA**

## Notes to the Financial Statements

For the Year Ended June 30, 2015

*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, 2015, 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, 2015 are as follows:

Type of Restricted Assets	Current		Noncurrent	
	Cash and cash equivalents	Investments	Cash and cash equivalents	Investments
Utility Deposits	\$ -	\$ -	\$ 63,121	\$ 150,000
RUD Reserve Account	-	-	165,696	-
Landfill Reserve	-	-	610,443	-
2006 Trustee Accounts:				
Bond Account	394,792	-	8,223	-
Sinking Fund	185,952	82,000	-	-
Sinking Fund Reserve	-	-	6,271	176,028
Total	<u>\$ 580,744</u>	<u>\$ 82,000</u>	<u>\$ 853,754</u>	<u>\$ 326,028</u>

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

At June 30, 2015, the balance for the IIDA was \$1,115,733 which is above the FDIC insured limit. The IIDA has secured pledges to cover the uninsured balance. The IIDA has no formal policies designed to address custodial credit risk.

The IIDA had no investments as of June 30, 2015, and was thus not exposed to interest rate risk, credit risk, custodial credit risk, or concentration of credit risk inherent to investment portfolios.

### 3. Sales Tax Revenue

Sales tax revenue represents a 3 cent tax on each dollar of taxable sales, and is received and recorded in the General Fund. In 2006, the City Council adopted a resolution whereby the proceeds of the sales tax were to be appropriated (transferred) to the trustees of the Idabel Public Works Authority, as needed, for use in operating and maintaining the facilities and paying the debt secured by such facilities. During the year ending June 30, 2015, one-third (one cent) of the total sales tax was appropriated (transferred) to the Idabel Public Works Authority. The remaining two-thirds (two cents) of the sales tax remained in the General Fund.

### 4. Property Tax Levy

The City presently levies no property tax. In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City.

**CITY OF IDABEL, OKLAHOMA**

## Notes to the Financial Statements

For the Year Ended June 30, 2015

**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, 2015, was \$212,979.

**6. Notes Receivable****Business-type activities**

On February 2, 2015, the IPWA entered into a settlement agreement whereby ownership of the county landfill was transferred from the McCurtain County Public Health Management Authority (MCPHMA) to the IPWA. The settlement agreement consisted of the following items for IPWA:

Receipt of post-closure account for financial assurance	\$ 610,350
Write off of outstanding MCPHMA note receivable	(1,021,343)
Payment of MCPHMA outstanding loan	<u>(92,844)</u>
Loss on acquisition of landfill reported as a special item	<u><u>\$ (503,837)</u></u>

**Component Unit**

The Idabel Industrial Development Authority had two notes outstanding as of June 30, 2015. 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 \$100,000 and is payable over 144 months at 2.5% interest. Monthly payments are scheduled at \$805.

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

	Balance 6/30/2014	Additions	Deductions	Balance 6/30/2015	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, 2015

**7. Internal and Interfund Balances and Transfers**

Internal balances between funds and activities for the year ended June 30, 2015 were as follows:

Balances

Due From	Due To	Amount	Nature of Balance
General Fund	Cemetery Account	\$ 4,688	CD Interest deposited to Gen Fund in error
General Fund	IPWA	913	Miscellaneous reimbursement
General Fund	Library Fund	11,883	Hotel/Motel Tax Revenue
General Fund	LETN Account	555	Youth ACT revenue
Federal Nutrition	General Fund	4,164	Cover negative cash balance in Federal Nutrition Fund
		<u>\$ 22,203</u>	

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

	Due From	Due To	Net Balances
Governmental Funds	\$ 21,290	\$ (22,203)	\$ (913)
Proprietary Funds	913	-	913
Total	<u>\$ 22,203</u>	<u>\$ (22,203)</u>	<u>\$ -</u>

Transfers

Transfer From	Transfer To	Amount	Purpose of Transfer
MCRA Fuel Farm	IPWA	\$ 43,411	Debt service payment
IPWA	General Fund	675,000	Return of unused of Sales Tax
General Fund	Federal Nutrition	5,600	Operating Subsidy
General Fund	Special Grant Fund	25,000	Transfer of Capital Outlay
General Fund	IPWA	1,135,371	Transfer of Sales Tax
		<u>\$ 1,884,382</u>	

*Reconciliation to Fund & Government Wide Financial Statements:*

	Transfers In	Transfers Out	Net Transfers per SRECNA	Net Transfers per SOA
Governmental Funds	\$ 705,600	\$ (1,209,382)	\$ (503,782)	\$ (503,782)
Proprietary Funds	1,178,782	(675,000)	\$ 503,782	503,782
Total	<u>\$ 1,884,382</u>	<u>\$ (1,884,382)</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. 63<sup>rd</sup> Street, Oklahoma City, Oklahoma, 73116-7335.

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

*City of Idabel Retirement Plan*

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

Funding Policy—Employees must complete six months of service and attain age 20 before becoming eligible to participate. An employee must contribute 2%, but may contribute up to 4%, of their compensation. Employees' contributions are 100% vested. For non-elected City employees, the City contributes 12% of the eligible employee's annual compensation. Non-elected City employees become 20% vested in the City's contributions after the first year, and then 20% per year thereafter becoming fully vested after 5 years of participation. For elected officials, the City contributes 12% of their eligible annual compensation. Elected officials are immediately vested in the City's contributions.

Covered wages for those eligible to participate in the plan totaled \$1,573,743 in 2015.



**CITY OF IDABEL, OKLAHOMA**

Notes to the Financial Statements

For the Year Ended June 30, 2015

Summary of Contributions

<b>City of Idabel Retirement Fund</b>			<b>Oklahoma Firefighter's Pension and Retirement System</b>			<b>Oklahoma Police Pension and Retirement System</b>		
Fiscal Year	Employee Contribution	Employer Contribution	Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2013	19,829	79,922	2013	37,046	100%	2013	73,392	100%
2014	45,136	181,077	2014	45,243	100%	2014	74,457	100%
2015	47,244	188,848	2015	45,187	100%	2015	69,772	100%

**10. Commitments and Contingencies**

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

For the year ended June 30, 2015, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due Within One Year
<b>Governmental Activities:</b>					
Capital lease payable	\$ 76,474	\$ 67,200	\$ 42,846	\$ 100,828	\$ 59,085
Notes payable	2,324,624	-	54,691	2,269,933	52,963
Total Governmental Activities	<u>\$ 2,401,098</u>	<u>\$ 67,200</u>	<u>\$ 97,537</u>	<u>\$ 2,370,761</u>	<u>\$ 112,048</u>
<b>Business-Type Activities:</b>					
Notes Payable	\$ 556,641	\$ -	\$ 147,357	\$ 409,284	\$ 153,617
Capital lease payable	127,678	-	47,051	80,627	45,196
Revenue bonds payable	400,000	-	190,000	210,000	210,000
Total Business-Type Activities	<u>1,084,319</u>	<u>-</u>	<u>384,408</u>	<u>699,911</u>	<u>408,813</u>
Total Long-Term Debt	<u>\$ 3,485,417</u>	<u>\$ 67,200</u>	<u>\$ 481,945</u>	<u>\$ 3,070,672</u>	<u>\$ 520,861</u>

  

Type of Debt	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due Within One Year
<b>Component Unit</b>					
<b>Idabel Industrial Development Authority</b>					
Notes Payable	\$ 152,758	\$ -	\$ 152,758	\$ -	\$ -
Total IIDA	<u>\$ 152,758</u>	<u>\$ -</u>	<u>\$ 152,758</u>	<u>\$ -</u>	<u>\$ -</u>

**Governmental activities:**

At June 30, 2015, the governmental activities long-term debt payable from taxes and other general revenues include the following:

**CITY OF IDABEL, OKLAHOMA**

## Notes to the Financial Statements

For the Year Ended June 30, 2015

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*Notes Payable:*

On November 13, 2008, the Idabel Public Works Authority issued a promissory note to First National Bank of Idabel for \$2,500,000, with an interest rate of 4.50%. The purpose of the note is to provide funding for the construction of a new library. The note is secured by the proceeds and revenues of the operation of the library and the proceeds of a 5% excise tax on hotel and motel occupancy fees levied and collected by the City. The library is a Governmental activity asset and Governmental activity general revenues are pledged to retire the note.

	\$	2,269,933
Total Notes Payable	\$	<u>2,269,933</u>
Current portion		52,963
Noncurrent portion		<u>2,216,970</u>
Total Notes Payable	\$	<u>2,269,933</u>

*Capital Lease Obligations:*

\$111,764 lease obligation for the purchase of 3 Chevy Tahoes, payable in 3 annual installments of \$39,445 with an annual interest rate of 6.00%, with final payment due December 2015.

\$ 37,213

\$67,200 lease obligation for the purchase of 2015 Case CE TV380 Tracker Loader, payable in monthly installments of \$1,951 with an annual interest rate of 2.87%, with final payment due April 2018.

63,615

Total Capital Leases Payable	\$	<u>100,828</u>
Current portion		59,085
Non-Current portion		<u>41,743</u>
Total Capital Leases Payable	\$	<u>100,828</u>

**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, 2015, includes the following:

**CITY OF IDABEL, OKLAHOMA**

## Notes to the Financial Statements

For the Year Ended June 30, 2015

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*Notes Payable:*

On April 29, 1998, the Idabel Public Works Authority issued a promissory note to the Farmers Home Administration for Rural Development. The total face amount of the note is \$800,300 at an interest rate of 4.5%, payable in monthly installments of \$5,066 for a twenty-year period. \$ 135,660

On April 29, 1998, the Idabel Public Works Authority issued a promissory note to the Farmers Home Administration for Rural Development. The total face amount of the note is \$709,700 at an interest rate of 4.5%, payable in monthly installments of \$4,493 for a twenty-year period. 101,996

On April 1, 1998, the Idabel Public Works Authority issued a promissory note to the Oklahoma Department of Commerce pursuant to a CDBG-CD loan agreement. The contract was extended on November 1, 1998 with payments of \$683 per month for 240 months with an interest rate of 0.0%. 21,852

On December 29, 2006, the Idabel Public Works Authority signed a promissory note to First National Bank of Idabel for \$341,440, with an interest rate of 5.04%. The security for the note is fueling equipment, storage tanks, lines and pumps and proceeds of sales thereof, along with airport hangars, located at the McCurtain County Regional Airport Authority, a portion of the city of Idabel. The purpose of the loan is to refinance the loan related to construction of a fuel farm at the airport and to purchase airport hangars from the IIDA. Per the promissory note, the City will make three annual installments of \$43,391, beginning July 15, 2007. A single balloon payment of the entire unpaid balance of principal and interest will be due July 15, 2016. 149,776

Total Notes Payable	<u>\$ 409,284</u>
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Current portion	153,617
Noncurrent portion	255,667
Total Notes Payable	<u>\$ 409,284</u>

*Capital Lease Obligations:*

\$134,700 lease obligation for the purchase of sanitation truck, payable in 36 monthly installments of \$3,988 with an annual interest rate of 4.165%, with final payment due May 2017. \$ 80,627

Total Capital Lease Payable	<u>\$ 80,627</u>
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Current portion	45,196
Noncurrent portion	35,431
Total Capital Lease Payable	<u>\$ 80,627</u>

*Due to Depositors:*

Refundable customer deposits reported as a liability within the Statement of Net Position are comprised of utility customer deposits payable 212,979

Noncurrent Portion of Due to Depositors	<u>\$ 212,979</u>
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**CITY OF IDABEL, OKLAHOMA**

## Notes to the Financial Statements

For the Year Ended June 30, 2015

*Revenue Bonds Payable:*

2006 Revenue Bond Series—On March 1, 2006, the Idabel Public Works Authority issued Utility System Revenue Bonds, Series 2006, in the amount of \$1,725,000 in part for the purpose of retiring the Utility System Revenue Bonds, Series 1996, originally issued in the amount of \$2,700,000 for the purpose of enlarging and extending its water, sewer, and street systems. The advance refunding resulted in an in-substance defeasance of the revenue bonds described above by placing deposits in an irrevocable trust and escrow account for the purchase of U.S. Government securities to pay the principal and interest on the defeased bonds as they are due and payable. At year end, the remaining outstanding defeased bonds were zero.

	\$ 210,000
	<u>210,000</u>
Current portion	210,000
Noncurrent portion	-
Total Revenue Bonds Payable	<u>\$ 210,000</u>

The bonds are secured by a first mortgage on the entire water and sewer system owned by the City of Idabel and leased to the Authority, a first lien on the net revenues of the Authority and pledged sales tax.

**Debt Covenants**

The Idabel Public Works Authority is required to conform to numerous covenants related to the 2006 Series Bond Indenture, including (but not limited to) the following:

- Maintenance of a “sinking fund reserve fund requirement” of the lesser of:
  - 10% of Bond proceeds and proceeds of any additional indebtedness;
  - Maximum annual debt service on the Bonds and any additional indebtedness; or
  - 125% of the average annual debt service on the Bonds and any additional indebtedness
- “Maintenance of revenues” of 1.25 times the average annual amount required to be paid into the Sinking Fund, provided in the indenture, after payment of any amount required to replenish the “sinking fund reserve fund” and all costs and expenses of operation and maintenance of the aforesaid properties.

The Idabel Public Works Authority was in compliance with the above two covenants as of June 30, 2015.

**Conduit Debt—2004 Series Revenue Bonds**—On September 1, 2004, the Idabel Public Works Authority issued School Support Revenue Bonds, Series 2004, in the amount of \$4,675,000 for the purpose of acquiring, constructing, renovating, furnishing, and equipping education facilities in Idabel, Oklahoma. Payments due with respect to the Series 2004 bonds are limited obligations of the Authority, payable solely from certain lease rental obligations payable by the School District (the District) under the terms of a lease and from other funds and accounts established under the indenture relating to the Series 2004 bonds. The 2004 Series bonds are not a debt of the City of Idabel, nor are they general obligations of the Authority, but are special limited obligations of the Authority and were issued without recourse to the Authority. The District, through a lease with the Authority, is required to pay to the Authority rent and lease purchase payments in amounts sufficient to pay the interest on the Series 2004 Bonds as it becomes due, during the lease term, and to pay to the Authority the principal of the Series 2004 Bonds when due or required to be redeemed prior to maturity during the lease term. Upon the District’s payment of a lease purchase payment, legal title to the portion of the improvements corresponding to that lease purchase payment, as described in the lease, shall vest with the District. Outstanding balance of conduit debt at June 30, 2015 was \$1,155,000.

**CITY OF IDABEL, OKLAHOMA**

## Notes to the Financial Statements

For the Year Ended June 30, 2015

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

<u>Year Ending June 30, 2015</u>		Governmental Activities			
		Notes Payable		Capital Lease Obligations	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	2016	\$ 52,963	\$ 102,037	\$ 59,084	\$3,772
	2017	55,346	99,654	22,508	903
	2018	2,161,624	97,163	19,236	274
Totals		<u>\$ 2,269,933</u>	<u>\$ 298,854</u>	<u>\$ 100,828</u>	<u>\$4,949</u>

  

<u>Year Ending June 30, 2015</u>		Business Type Activities				
		Revenue Bonds Payable		Notes Payable		Capital Lease Obligation
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u> <u>Interest</u>
	2016	210,000	8,925	153,617	12,703	45,196      2,655
	2017	-	-	229,074	6,631	35,431      751
	2018	-	-	26,593	143	-      -
Totals		<u>\$ 210,000</u>	<u>\$ 8,925</u>	<u>\$ 409,284</u>	<u>\$ 19,477</u>	<u>\$ 80,627</u> <u>\$ 3,406</u>

**IIDA - Component Unit Long Term Debt**

United States Department of Agriculture—The Idabel Industrial Development Authority entered into a note with USDA for a sum of \$250,000 at a 1% annual interest rate. This loan is related to non-capital financing related activities and is uncollateralized. The note matures 5/1/2031, however, the IIDA paid the loan off during the fiscal year.

**Pledge of Future Revenues**

Sales Tax Pledge - The City Council adopted a resolution whereby the proceeds of the City sales tax were appropriated to the trustees of the Idabel Public Works Authority for use in operating and maintaining the facilities and paying the debt secured by such facilities. This appropriation is to comply with the 2006 Bond Indenture. Any portion of the tax not needed may be transferred to the General Fund of the City of Idabel. During the year ending June 30, 2015, \$1,135,371 was appropriated to the Idabel Public Works Authority.

Utility Net Revenues Pledge - The City has pledged net utility revenues to repay the \$1,725,000 of the 2006 Revenue Bond. Proceeds from the revenue bond provided funding for enlarging and extending water, sewer and street systems. The revenue bond is payable through 2016. The total principal and interest payable for the remainder of the life of bond is \$218,925. Pledged net utility revenues were a negative \$187,891. Debt service payments of \$207,905 for the current fiscal year were 21.9% of pledged sales taxes and net utility revenues.

*Landfill Closure and Post-Closure Requirements*

At June 30, 2015, the Idabel Public Works Authority had \$610,443 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 cash is reported as restricted in the Idabel Public Works Authority Fund. The latest estimated liabilities are \$399,695 for closure and \$780,210 for post-closure with the total amount of \$1,179,905. This amount is based upon what it would cost to perform all closure and post-closure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Due to the City's use of the modified cash basis of accounting, this liability is not recorded in the financial statements.

*Compensated Absences*

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2015, is \$120,362 for the General Fund and \$21,082 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 2015, the City's involvement in federal and state 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, 2015

<b>General Fund</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts,</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Final Budget - Positive (Negative)</b>
Beginning Budgetary Fund Balance:	400,000	400,000	960,327	\$ 560,327
<b>RESOURCES (INFLOWS):</b>				
Taxes	2,505,300	2,505,300	2,642,753	\$ 137,453
Intergovernmental	183,000	183,000	487,863	304,863
Charges for services	800	800	8,292	7,492
Fees and fines	143,000	143,000	141,448	(1,552)
Licenses and permits	84,500	84,500	32,674	(51,826)
Investment earnings	6,000	6,000	3,956	(2,044)
Miscellaneous	246,000	246,000	110,742	(135,258)
Other Financing Sources - Transfers In	736,000	736,000	675,000	(61,000)
Total Resources	3,904,600	3,904,600	4,102,728	198,128
Amounts available for appropriation	4,304,600	4,304,600	5,063,055	758,455
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Departmental:				
<i>General Government:</i>				
City manager	136,490	136,490	91,606	44,884
City clerk	221,362	221,362	211,426	9,936
General government	178,892	178,892	95,354	83,538
Ordinance inspector	75,413	75,413	47,828	27,585
<i>Street:</i>				
Street	771,013	771,013	731,550	39,463
<i>Public Safety:</i>				
Police	1,442,672	1,442,672	1,418,058	24,614
Fire	616,920	616,920	588,714	28,206
Cemetery	215,892	215,892	200,598	15,294
<i>Legal and Judicial:</i>				
City Judge	38,627	38,627	35,856	2,771
City Attorney	50,733	50,733	15,375	35,358
<i>Culture and Recreation:</i>				
Library	42,396	42,396	40,228	2,168
Parks	51,749	51,749	29,281	22,468
<i>Community Support:</i>				
Nutrition	128,930	128,930	124,308	4,622
Senior Citizen	47,665	47,665	34,808	12,857
Airport	98,206	98,206	70,435	27,771
Maintenance	78,344	78,344	63,782	14,562
Industrial Development	109,296	109,296	109,295	1
Total Charges to Appropriations	4,304,600	4,304,600	3,908,502	396,098
Excess (deficiency) of revenues over expenditures	(400,000)	(400,000)	194,226	594,226
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 1,154,553	\$ 1,154,553

(UNAUDITED)

**CITY OF IDABEL**  
 Budgetary Comparison Schedule  
 (Budgetary Basis)  
 For the Year Ended June 30, 2015

**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
<b>Resources (Inflows):</b>						
Total Revenues	\$ 4,819,879	\$ (1,135,371)	\$ (7,209)	\$ (246,515)	\$ (3,056)	\$ 3,427,728
Transfers in	675,000	-	-	-	-	675,000
Fund balance, beginning	1,437,033	-	(9,081)	(183,404)	(284,221)	960,327
Total Revenues and Other Financing Sources	<u>6,931,912</u>	<u>(1,135,371)</u>	<u>(16,290)</u>	<u>(429,919)</u>	<u>(287,277)</u>	<u>5,063,055</u>
<b>Charges to Appropriations (Outflows):</b>						
Total Expenditures	4,068,977	30,600	(6,364)	(184,018)	(693)	3,908,502
Transfers Out	1,209,382	(1,165,971)	-	(43,411)	-	-
Total Expenditures and Other Financing Uses	<u>5,278,359</u>	<u>(1,135,371)</u>	<u>(6,364)</u>	<u>(227,429)</u>	<u>(693)</u>	<u>3,908,502</u>
<b>Ending Fund Balance</b>	<u>\$ 1,653,553</u>	<u>\$ -</u>	<u>\$ (9,926)</u>	<u>\$ (202,490)</u>	<u>\$ (286,584)</u>	<u>\$ 1,154,553</u>

4. The other funds of the City did not have budgets prepared as required by state law. The expenditures and transfers out in these funds were as follows:

Special Grant Fund	\$ 1,445,636
Library	155,000
Federal Nutrition	80,698
LETN	6,364
MCRA Fuel Farm Fund	227,429
Cemetery Maintenance	693

(UNAUDITED)



**CITY OF IDABEL**  
Combining Balance Sheet – General Fund Accounts  
(Modified Cash Basis)  
June 30, 2015

	<b>General Fund</b>	<b>LETN</b>	<b>MCRA Fuel Farm</b>	<b>Cemetery Maintenance</b>	<b>Total General Fund</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 776,502	\$ 9,371	\$ 202,490	\$ 231,514	\$ 1,219,877
Investments	402,358	-	-	50,382	452,740
Due from other governments	3,175	-	-	-	3,175
Due from other funds	4,164	555	-	4,688	9,407
Total assets	<u>1,186,199</u>	<u>9,926</u>	<u>202,490</u>	<u>286,584</u>	<u>1,685,199</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to other governments	845	-	-	-	845
Due to other funds	18,039	-	-	-	18,039
Due to bondholders	<u>12,762</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,762</u>
Total liabilities	<u>31,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,646</u>
<b>FUND BALANCES</b>					
Restricted for:					
Cemetery	-	-	-	45,963	45,963
Assigned to:					
Next year's budget	400,000	-	-	-	400,000
Cemetery	-	-	-	240,621	240,621
Airport	-	-	202,490	-	202,490
Police	-	9,926	-	-	9,926
Unassigned	754,553	-	-	-	754,553
Total fund balances	<u>1,154,553</u>	<u>9,926</u>	<u>202,490</u>	<u>286,584</u>	<u>1,653,553</u>
Total liabilities and fund balances	<u>\$ 1,186,199</u>	<u>\$ 9,926</u>	<u>\$ 202,490</u>	<u>\$ 286,584</u>	<u>\$ 1,685,199</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, 2015

	<u>General Fund</u>	<u>LETN</u>	<u>MCRA Fuel Farm</u>	<u>Cemetery Maintenance</u>	<u>Total General Fund</u>
<b>REVENUES</b>					
Taxes	\$ 3,778,124	\$ -	\$ -	\$ -	\$ 3,778,124
Intergovernmental	487,863	-	-	-	487,863
Charges for services	8,292	7,197	246,515	2,172	264,176
Fees and fines	141,448	-	-	-	141,448
Licenses and permits	32,674	-	-	-	32,674
Investment income	3,956	12	-	884	4,852
Miscellaneous	110,742	-	-	-	110,742
Total revenues	<u>4,563,099</u>	<u>7,209</u>	<u>246,515</u>	<u>3,056</u>	<u>4,819,879</u>
<b>EXPENDITURES</b>					
General government	445,336	-	-	-	445,336
Streets and highways	682,037	-	-	-	682,037
Public Safety	1,946,555	6,364	-	-	1,952,919
Cemetery	200,303	-	-	693	200,996
Legal and judicial	51,231	-	-	-	51,231
Culture and recreation	44,509	-	-	-	44,509
Community support	151,916	-	-	-	151,916
Airport	56,322	-	158,271	-	214,593
Maintenance	63,782	-	-	-	63,782
Industrial development	109,295	-	-	-	109,295
Capital Outlay	79,082	-	25,747	-	104,829
Debt Service:					
Principal	42,846	-	-	-	42,846
Interest and other charges	4,688	-	-	-	4,688
Total Expenditures	<u>3,877,902</u>	<u>6,364</u>	<u>184,018</u>	<u>693</u>	<u>4,068,977</u>
Excess (deficiency) of revenues over expenditures	<u>685,197</u>	<u>845</u>	<u>62,497</u>	<u>2,363</u>	<u>750,902</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	675,000	-	-	-	675,000
Transfers out	(1,165,971)	-	(43,411)	-	(1,209,382)
Total other financing sources and uses	<u>(490,971)</u>	<u>-</u>	<u>(43,411)</u>	<u>-</u>	<u>(534,382)</u>
Net change in fund balances	194,226	845	19,086	2,363	216,520
Fund balances - beginning	960,327	9,081	183,404	284,221	1,437,033
Fund balances - ending	<u>\$ 1,154,553</u>	<u>\$ 9,926</u>	<u>\$ 202,490</u>	<u>\$ 286,584</u>	<u>\$ 1,653,553</u>

**CITY OF IDABEL**  
Combining Balance Sheet—Nonmajor Governmental Funds  
(Modified Cash Basis)  
June 30, 2015

	<b>SPECIAL REVENUE FUNDS</b>			<b>CAPITAL PROJECT FUND</b>	<b>Total-Other Governmental Funds</b>
	<b>Federal Nutrition</b>	<b>Emergency Shelter</b>	<b>E-911</b>	<b>Transportation Enhancement</b>	
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 458	\$ 162,677	\$ 307	\$ 163,442
Total assets	-	458	162,677	307	163,442
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to other funds	4,164	-	-	-	4,164
Total liabilities	4,164	-	-	-	4,164
<b>FUND BALANCES</b>					
Restricted for:					
E-911	-	-	161,225	-	161,225
Transportation	-	-	-	302	302
Emergency food & shelter program	-	458	-	-	458
Assigned to:					
E-911	-	-	1,452	-	1,452
Transportation	-	-	-	5	5
Unassigned (deficit)	(4,164)	-	-	-	(4,164)
Total fund balances	(4,164)	458	162,677	307	159,278
Total liabilities and fund balances	\$ -	\$ 458	\$ 162,677	\$ 307	\$ 163,442

**CITY OF IDABEL**  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance—Nonmajor Governmental Funds  
(Modified Cash Basis)  
For the Year Ended June 30, 2015

	<b>SPECIAL REVENUE FUNDS</b>			<b>CAPITAL PROJECT FUND</b>	<b>Total-Other Governmental Funds</b>
	<b>Federal Nutrition</b>	<b>Emergency Shelter</b>	<b>E-911</b>	<b>Transportation Enhancement</b>	
<b>REVENUES</b>					
Taxes	\$ 76,794	\$ -	\$ -	\$ -	\$ 76,794
Investment income	-	-	163	-	163
Total revenues	<u>76,794</u>	<u>-</u>	<u>163</u>	<u>-</u>	<u>76,957</u>
<b>EXPENDITURES</b>					
Current:					
Community support	<u>80,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,698</u>
Total Expenditures	<u>80,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,698</u>
Excess (deficiency) of revenues over expenditures	<u>(3,904)</u>	<u>-</u>	<u>163</u>	<u>-</u>	<u>(3,741)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>5,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,600</u>
Total other financing sources and uses	<u>5,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,600</u>
Net change in fund balances	1,696	-	163	-	1,859
Fund balances - beginning	(5,860)	458	162,514	307	157,419
Fund balances - ending	<u>\$ (4,164)</u>	<u>\$ 458</u>	<u>\$ 162,677</u>	<u>\$ 307</u>	<u>\$ 159,278</u>



**HINKLE &  
COMPANY** PC

Strategic  
Business Advisors

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

Honorable Mayor and City Council  
City of Idabel  
Idabel, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Idabel, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City of Idabel's basic financial statements, and have issued our report thereon dated March 21, 2016.

***Internal Control over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

5028 E. 101st Street

Tulsa, OK 74137

TEL: 918.492.3388

FAX: 918.492.4443

[www.SBAdvisors.com](http://www.SBAdvisors.com)

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether City of Idabel's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Hulse & Company, PC*

Tulsa, Oklahoma  
March 21, 2016







**HINKLE &  
COMPANY** PC  
*Strategic  
Business Advisors*

**Independent Auditors' Report on Compliance for Each Major  
Program and on Internal Control over Compliance Required  
By OMB Circular A-133**

Honorable Mayor and City Council  
City of Idabel  
Idabel, Oklahoma

***Report on Compliance for Each Major Federal Program***

We have audited the City of Idabel compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a material effect on each of the City of Idabel's major federal award programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the City of Idabel 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, 2015.

### ***Report on Internal Control Over Compliance***

Management of the City of Idabel is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Idabel's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### ***Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133***

We have audited the financial statements of the City of Idabel as of and for the year ended June 30, 2015, and have issued our report thereon dated March 21, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*H. L. & Company, PC*

Tulsa, Oklahoma  
March 21, 2016





**CITY OF IDABEL**  
Schedule of Expenditures of Federal Awards  
(Modified Cash Basis)  
For the Year Ended June 30, 2015

Federal/State Grantor/Pass through agency Grantor/Program Title	CFDA#	Grant #	Award Amount	Federal Expenditures
<b>Federal</b>				
<b>Department of Agriculture</b>				
<i>Passed through the Oklahoma Department of Human Services and Kiamichi Area Nutrition Project:</i>				
Food Distribution	10.550	N/A	\$ 76,794	\$ 76,794
<b>Department of Justice</b>				
Bulletproof Vest Partnership Program	16.607	N/A	731	731
<i>Passed through the Oklahoma District Attorneys Council:</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2229	9,769	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-Idabel-CI-00074	9,781	9,781
Total 16.738			19,550	9,781
<b>Federal Aviation Administration</b>				
Airport Grant - North Parallel Taxiway	20.106	3-40-0137-010-2013	2,873,342	1,294,027
<b>Department of Transportation</b>				
<i>Passed through the Oklahoma Department of Public Safety:</i>				
Idabel Traffic Enforcement	20.601	PT-14-03-07-01	14,262	3,998
Idabel Traffic Enforcement	20.601	PT-15-03-09-02	12,600	10,587
Total 20.601			26,862	14,585
<i>Passed through the Oklahoma Department of Transportation</i>				
Transportation Enhancement Project	20.205	STP-145E(189) EH	399,800	-
<b>Total Federal</b>			\$ 3,397,079	\$ 1,395,918

**City of Idabel**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2015**

**Summary of Auditors' Results** (Continued)

- Identification of major programs:

Cluster/Program	CFDA Number
Federal Aviation Administration	
Airport Grant	20.106

- The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$300,000.
- Auditee qualified as a low-risk auditee as that term is defined in OMB Circular A-133. ☒ Yes ☐ No



**City of Idabel**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2015**

**Section I--Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ No

Noncompliance material to the financial statements? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ☐ Yes ☒ No



**City of Idabel**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2015**

**Section II--Findings Required to be Reported in Accordance with *Government Auditing Standards***

None to report for the June 30, 2015 period.

**Section III--Findings Required to be Reported in Accordance with OMB Circular A-133**

None to report for the June 30, 2015 period.



**City of Idabel**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2015**

No Items Reportable.

