

**CITY OF NICHOLS HILLS,  
OKLAHOMA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
AND ACCOMPANYING  
INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED  
June 30, 2023**



**CITY OF NICHOLS HILLS, OKLAHOMA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**AND ACCOMPANYING**  
**INDEPENDENT AUDITOR'S REPORTS**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**

**Prepared By:**  
**City of Nichols Hills Department of Finance**

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 ANNUAL COMPREHENSIVE FINANCIAL REPORT  
 AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORT  
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## **INTRODUCTION SECTION**





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## CITY OF NICHOLS HILLS

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December 7, 2023

To the Honorable Mayor and Members of the City Council of the  
City of Nichols Hills, Oklahoma:

We are pleased to submit to you the Annual Comprehensive Financial Report (hereafter referred to as ACFR) of the City of Nichols Hills for the fiscal year ended June 30, 2023. We believe the information, as presented, is accurate in all material aspects and that all disclosures necessary to enable the reader to gain an adequate understanding of the City's financial affairs have been included. The Management's Discussion and Analysis on pages 11-16 provide additional narrative and detailed analysis of the city's financial affairs. It is the responsibility of the management of the City to prepare the ACFR.

Responsibility for the accuracy, completeness and fairness of the presentation, including all disclosures, rests with management. Management is responsible for establishing and maintaining an internal control structure to ensure that the assets of the City are protected from loss, theft or misuse and that adequate accounting data is compiled for preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. We believe the information, as presented, is accurate in all material aspects and that all disclosures necessary to enable the reader to gain an adequate understanding of the City's financial activities have been included.

The City of Nichols Hills provides many municipal services including public safety, streets, parks, general administration, and public utilities. For financial reporting purposes, all funds, agencies, boards, commissions and authorities over which the City Council has financial accountability are included in this report. Financial accountability is determined by several different factors including fiscal dependence, ability to impose will upon the entity's governing body, provision of specific financial burdens or benefits and separate legal entity status. After a careful evaluation of these factors, the City has included in this financial report the Nichols Hills Municipal Authority, as well as all funds of the City.

The General fund, Street & Alley fund, E-911 fund, Debt Service fund, Health Insurance fund, and Capital Project funds adopt annual budgets. The GO bond fund adopts budgets by project. The City Manager's proposed operating budget for the fiscal year commencing the following July 1 is submitted to the City Council prior to June 1. A public hearing is held prior to June 15 to obtain citizen comments. Subsequent to the public hearing but not later than seven days prior to July 1, the budget is adopted by resolution of the City Council. The adopted budget is filed with the Office of State Auditor and Inspector. The appropriated budget is prepared by fund, function and department. All supplemental appropriations require City Council approval. The City Manager may transfer appropriations between departments without City Council approval. Supplemental appropriations must also be filed with the Office of the State Auditor and Inspector.

The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. The commitments will be honored during the subsequent year.

### **Governmental Structure**

The City of Nichols Hills operates as a Council/Manager form of government. The legislative authority of the City is vested in a three-member elected City Council. The mayor is elected from among the council itself. The City Council also serves as trustees of the Nichols Hills Municipal Authority. The Mayor and Council appoint a City Manager, who is the chief executive officer of the city, and also appoint a City Treasurer. Responsibility for the day-to-day operations of the City rests with the City Manager.



## **Economic Condition and Outlook**

Nichols Hills is a small community covering approximately two and one-half square miles, with the majority of the City being residential in nature. The two major sources of operational income are sales tax and water revenues. The City ended the fiscal year with a 2.8% increase in sales tax revenue from prior year. Use tax increased 14% from the prior fiscal year. In the upcoming fiscal year, the City will be working to increase sales tax revenue by promoting local businesses via city-sponsored events, such as the annual Halloween Boo Bash in the Nichols Hills Plaza and the hosting of regular Northwest Oklahoma City Chamber events in our retail spaces and City Hall.

Water sales continue to be good at rounding out our income sources. Water revenue increased 9.8% from the prior fiscal year. The City of Nichols Hills is fortunate to have an excellent collection rate for utility revenue. The City plans to build a new water treatment facility and water well redrilling to improve the City's water system.

## **Major Initiatives**

The City of Nichols Hills will continue use of General Obligation Bonds to improve infrastructure. Street improvements will be the major project for the 2024 General Obligation Bond issue, as well as water improvements, sanitary sewer improvements, police vehicles, technology improvements, public works facility improvements, public works vehicles, and park improvements.

## **Independent Audit**

The financial statements of the City and its component units for the fiscal year ended June 30, 2023, have been audited by a firm of Independent Public Accountants, and their opinion is included in the Financial Section of this report.

The financial statements are the responsibility of the City. The responsibility of the Independent Public Accountants is to express an opinion on the City's financial statements based on their audit. An audit is conducted in accordance with generally accepted auditing standards and Government Auditing Standards. Those standards require that the audit be planned and performed in a manner to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

## **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Nichols Hills for its Annual Comprehensive Financial Report (ACFR) for the fiscal years ended June 30, 1997 through 2022. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, the contents of which conform to program standards. The ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

## **Acknowledgment**

We would like to thank our consultants, Crawford & Associates, P.C., for their professional guidance and experience. And also, thanks to our auditors, Finley & Cook, PLLC for their assistance in this process.

Finally, to the Nichols Hills City Council we extend heartfelt thanks for their support. It is their commitment to financial reporting excellence that allows the citizens of Nichols Hills to be fully informed about their municipal government finances. We are proud to convey the Council's commitment to our citizens and to all readers of the 2022-23 ACFR.

Respectfully submitted,



S. Shane Pate II  
City Manager

**CITY OF NICHOLS HILLS, OKLAHOMA**

**LIST OF PRINCIPAL OFFICIALS**

**JUNE 30, 2023**

**City Council**

Sody Clements, Mayor  
E. Peter Hoffman Jr., Vice-Mayor  
Steven J. Goetzinger, Member

**Administration**

S. Shane Pate II	City Manager
Michael Taylor	Assistant City Manager
Amanda Copeland	Assistant City Manager
Sherry Dickson	Assistant City Clerk
Johnson Hightower	City Treasurer
John Michael Williams	City Attorney
Lindy Hough	Risk Manager
Randy Lawrence	Director of Public Works
Dennis Albert	Deputy Public Works Director
Kevin Boydston	Fire Chief
Kenny Reyes	Assistant Fire Chief
Steven Cox	Police Chief
Casey Nix	Assistant Police Chief
Neil Gray	Information Systems Manager

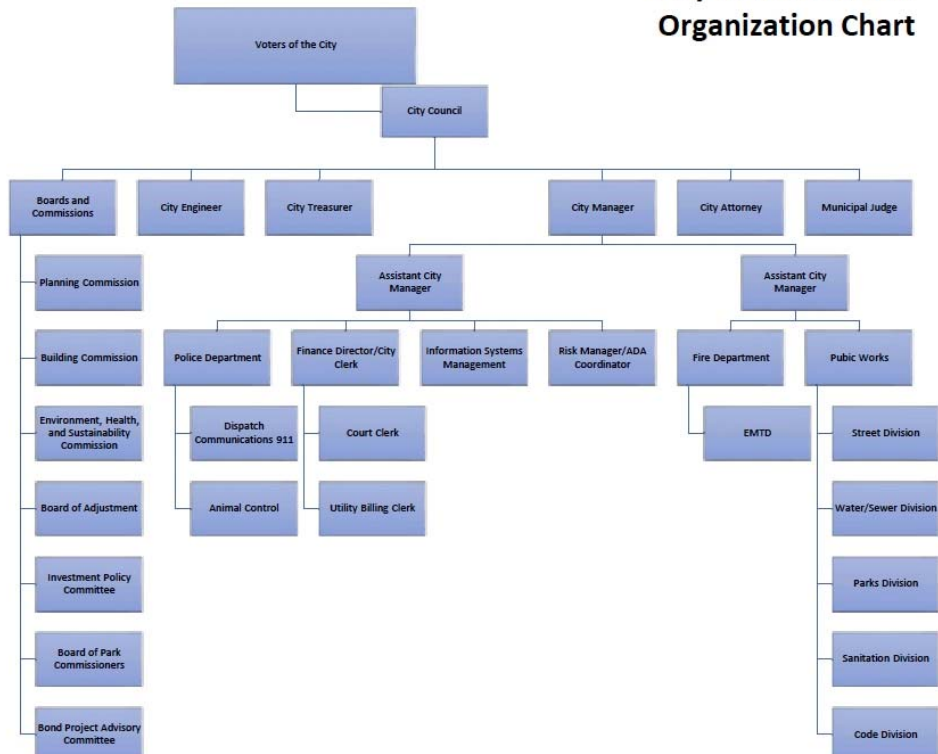
**Finance Department**

Amanda Copeland	Finance Director
Sherry Dickson	Assistant Finance Director
Nikki Brown	Court Clerk
Rachel Gerber	Utility Billing Clerk



# City of Nichols Hills Organization Chart

City of Nichols Hills  
Organization Chart





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Nichols Hills  
Oklahoma**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

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**FINANCIAL SECTION**

## **INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and Members of the City Council of  
the City of Nichols Hills, Oklahoma

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

#### **Opinions**

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 the City of Nichols Hills, Oklahoma (the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

(Continued)



## **INDEPENDENT AUDITORS' REPORT, CONTINUED**

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

(Continued)

## **INDEPENDENT AUDITORS' REPORT, CONTINUED**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States require that the management's discussion and analysis, the budgetary comparison schedule—general fund, the schedule of share of net pension liability (asset)—Oklahoma Police Pension and Retirement System, the schedule of City contributions—Oklahoma Police Pension and Retirement System, the schedule of share of net pension liability—Oklahoma Firefighters Pension and Retirement System, the schedule of City contributions—Oklahoma Firefighters Pension and Retirement System, the schedule of changes in net pension liability (asset) and related ratios—Oklahoma Municipal Retirement Fund, the schedule of employer contributions—Oklahoma Municipal Retirement Fund, and the schedule of changes in total OPEB liability and related ratios on pages 11–16 and pages 58–68, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 supplementary information in accordance with auditing standards generally accepted in the United States, 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 basic 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining schedules—general fund accounts, combining statements of non-major governmental funds, budgetary comparison schedule—non major governmental funds, budgetary comparison schedule—major governmental funds, and combining schedules—enterprise fund accounts are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The 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. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

(Continued)

**INDEPENDENT AUDITORS' REPORT, CONTINUED**

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Finley & Cook, PLLC".

Shawnee, Oklahoma  
December 7, 2023

Our discussion and analysis of the City of Nichols Hills financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the City's financial statements.

### **FINANCIAL HIGHLIGHTS**

- For the fiscal year ended June 30, 2023, the City's total net position increased by \$3,171,707 or 8.3% from the prior year.
- During the year, the City's expenses for governmental activities totaled \$14,878,712 and were funded by program revenues of \$3,626,906 and other general revenues and transfers that totaled \$13,354,992. This resulted in an increase in governmental activities net position of \$2,103,186. The increase is due to an increase in sales tax revenue and investment income.
- The City's business-type activities reported revenues of \$5,523,684 and expenses and transfers of \$4,455,163 resulting in an increase in net position of \$1,068,521.
- At June 30, 2023, the General Fund reported an unassigned fund balance of \$3,471,244, which is a decrease from the prior year due in part to an increase in assigned net position for capital projects.
- For budgetary reporting purposes, the General Fund reported resources available for appropriation over final of estimates of \$1,526,383, or 9.6%, while expenditures were under the final appropriations by \$321,629 or 2.7%.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the City of Nichols Hills (the "City") and its component unit using the integrated approach as prescribed by GASB. Included in this report are governmental-wide statements for each of two categories of activities – governmental and business-type.

The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. These statements include all assets of the City (including infrastructure) and deferred outflows, as well as all liabilities (including long-term debt) and deferred inflows.

#### **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 financial condition improved, declined or remained steady over the last 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. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting. All of the current year's revenues, expenses and deferrals are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them from the prior year. You can think of the City's net position – the difference between assets, deferred outflows, liabilities and deferred inflows – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. However, you must consider other nonfinancial factors, such as changes in the City's tax base and the condition of the City's roads, to assess the overall health of the City.

As mentioned above, in the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, sanitation, and parks. Sales taxes, franchise fees, fines, charges for services, and state and federal grants finance most of these activities.
- Business-type activities -- For these activities, the City charges a fee to customers to help cover all or most of the cost of the services it provides. The City's water and wastewater utilities are reported here.

## **Reporting the City's Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

*Governmental funds* -- Most 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. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. 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 determine 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 charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that business-type activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

## **A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

### **Net Position**

The City's combined net position increased from \$38.2 million to \$41.4 million between fiscal years 2022 and 2023. Looking at the net position of governmental and business-type activities separately, total net position of the governmental activities increased \$2,103,186 and business-type activities increased \$1,068,521.

The changes in the deferred outflows/inflows and net pension liability and net pension asset relates to a number of actuarial factors in all three defined benefit retirement plans. This affects noncurrent assets and non-current liabilities as well as deferred outflows and inflows. The increase in Governmental net investment in capital assets is due to street projects and Fire Station additions in the current year. The decrease in governmental restricted net position is due to restricted donation proceeds spent in the current year. Governmental Activities unrestricted net position increased due to sales tax and investment revenue increasing in the current year.

**CITY OF NICHOLS HILLS, OKLAHOMA  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the fiscal year ended June 30, 2023**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2023	2022		2023	2022		2023	2021	
Current assets	\$ 27,835,657	\$ 30,437,366	-9%	\$ 4,811,705	\$ 5,142,187	-6%	\$ 32,647,362	\$ 35,579,553	-8%
Capital assets, net	38,661,572	33,788,547	14%	18,677,157	17,656,396	6%	57,338,729	51,444,943	11%
<b>Total assets</b>	<u>66,497,229</u>	<u>64,225,913</u>	4%	<u>23,488,862</u>	<u>22,798,583</u>	3%	<u>89,986,091</u>	<u>87,024,496</u>	3%
Deferred outflows of resources	3,975,047	1,974,910	101%	418,227	79,244	428%	4,393,274	2,054,154	114%
Long-term debt outstanding	45,596,290	38,995,008	17%	216,211	191,950	13%	45,812,501	39,186,958	17%
Other liabilities	5,344,424	5,925,268	-10%	396,394	160,325	147%	5,740,818	6,085,593	-6%
<b>Total liabilities</b>	<u>50,940,714</u>	<u>44,920,276</u>	13%	<u>612,605</u>	<u>352,275</u>	74%	<u>51,553,319</u>	<u>45,272,551</u>	14%
Deferred inflows of resources	1,339,149	5,191,320	-74%	89,068	388,657	-77%	1,428,217	5,579,977	-74%
Net position									
Net investment in capital assets	9,807,498	7,816,642	25%	18,419,867	17,640,226	4%	28,227,365	25,456,868	11%
Restricted	1,077,083	2,433,174	-56%	-	-	-	1,077,083	2,433,174	-56%
Unrestricted	7,307,832	5,839,411	25%	4,785,549	4,496,669	6%	12,093,381	10,336,080	17%
<b>Total net position</b>	<u>\$ 18,192,413</u>	<u>\$ 16,089,227</u>	13%	<u>\$ 23,205,416</u>	<u>\$ 22,136,895</u>	5%	<u>\$ 41,397,829</u>	<u>\$ 38,226,122</u>	8%

**Change in Net Position**

For the year ended June 30, 2023, net position of the primary government changed as follows:

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2023	2022		2023	2022		2023	2021	
<b>Revenues</b>									
Program revenues - Charges for services	\$ 2,617,893	\$ 2,536,484	3%	\$ 5,313,799	\$ 4,933,671	8%	\$ 7,931,692	\$ 7,470,155	6%
Program revenues - Other	1,009,013	3,447,328	-71%	-	-	-	1,009,013	3,447,328	-71%
Taxes and other general revenues:									
Taxes	11,606,622	11,092,288	5%	-	-	-	11,606,622	11,092,288	5%
Intergovernmental	10,303	10,488	-2%	-	-	-	10,303	10,488	-2%
Investment income	932,534	110,785	742%	186,207	11,098	1578%	1,118,741	121,883	818%
Miscellaneous	587,311	487,925	20%	23,678	12,542	89%	610,989	500,467	22%
<b>Total revenues</b>	<u>16,763,676</u>	<u>17,685,298</u>	-5%	<u>5,523,684</u>	<u>4,957,311</u>	11%	<u>22,287,360</u>	<u>22,642,609</u>	-2%
<b>Expenses</b>									
General government	3,695,144	2,841,304	30%	-	-	-	3,695,144	2,841,304	30%
Public safety	6,724,195	5,157,852	30%	-	-	-	6,724,195	5,157,852	30%
Highways and streets	1,628,008	1,528,390	7%	-	-	-	1,628,008	1,528,390	7%
Culture and recreation	401,339	431,599	-7%	-	-	-	401,339	431,599	-7%
Public works	1,637,914	1,415,611	16%	-	-	-	1,637,914	1,415,611	16%
Interest on long-term debt	792,112	808,576	-2%	-	-	-	792,112	808,576	-2%
Water	-	-	-	3,098,691	2,674,392	16%	3,098,691	2,674,392	16%
Wastewater	-	-	-	1,138,250	1,150,459	-1%	1,138,250	1,150,459	-1%
<b>Total expenses</b>	<u>14,878,712</u>	<u>12,183,332</u>	22%	<u>4,236,941</u>	<u>3,824,851</u>	11%	<u>19,115,653</u>	<u>16,008,183</u>	19%
Excess (deficiency) before transfers	1,884,964	5,501,966	-66%	1,286,743	1,132,460	14%	3,171,707	6,634,426	-52%
Transfers	218,222	793,142	-72%	(218,222)	(793,142)	-72%	-	-	-
<b>Change in net position</b>	<u>2,103,186</u>	<u>6,295,108</u>	-67%	<u>1,068,521</u>	<u>339,318</u>	215%	<u>3,171,707</u>	<u>6,634,426</u>	-52%
Beginning net position	16,089,227	9,794,119		22,136,895	21,797,577		38,226,122	31,591,696	
Ending net position	<u>\$ 18,192,413</u>	<u>\$ 16,089,227</u>		<u>\$ 23,205,416</u>	<u>\$ 22,136,895</u>		<u>\$ 41,397,829</u>	<u>\$ 38,226,122</u>	

Governmental Activities program revenues-other decreased due to FEMA grant and capital project donation revenue in the prior year. Investment income increased due to interest rates increasing during the year for Governmental and Business-Type Activities. Governmental miscellaneous revenue increased due to donation of capital assets and sale of surplus items. General Government expenses increased due to the change in pension expenses from the previous year and general inflation. Public safety expenses increased due to changes in pension plans. Transfers changed in the current year due to Business-type activity projects from GO Bonds.

**CITY OF NICHOLS HILLS, OKLAHOMA**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
For the fiscal year ended June 30, 2023

***Governmental Activities***

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

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

	<b>Total Expense of Services</b>	<b>Net Revenue (Expense) of Services</b>	<b>Total Expense of Services</b>	<b>Net Revenue (Expense) of Services</b>
	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
General government	\$3,695,144	(\$2,800,834)	\$2,841,304	(\$843,089)
Public safety	6,724,195	(5,364,231)	5,157,852	(4,022,090)
Highways and streets	1,628,008	(1,485,037)	1,528,390	(1,387,840)
Culture and recreation	401,339	(401,339)	431,599	1,068,401
Public works	1,637,914	(408,253)	1,415,611	(206,326)
Interest on long-term debt	792,112	(792,112)	808,576	(808,576)
<b>Total</b>	<b>\$14,878,712</b>	<b>(\$11,251,806)</b>	<b>\$12,183,332</b>	<b>(\$6,199,520)</b>

For the year ended June 30, 2023, total expenses for governmental activities amounted to approximately \$14.9 million. Of these total expenses, the program revenues funded \$3.6 million through service charges and grants and other contributions, while taxpayers, transfers, and other general revenues funded the remainder of \$11.3 million.

***Business-Type Activities***

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

	<b>Total Expense of Services</b>	<b>Net Revenue (Expense) of Services</b>	<b>Total Expense of Services</b>	<b>Net Revenue (Expense) of Services</b>
	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
Water	\$3,098,691	\$751,455	\$2,674,392	\$822,619
Wastewater	1,138,250	325,403	1,150,459	286,201
<b>Total</b>	<b>\$4,236,941</b>	<b>\$1,076,858</b>	<b>\$3,824,851</b>	<b>\$1,108,820</b>

In the business-type activities, the charges for services in FY2023 were sufficient to cover expenses.

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

As the City completed its 2023 fiscal year, the governmental funds reported a combined fund balance of \$25.3 million or a 5.8% increase from the prior year. The enterprise fund reported net position of \$23.2 million or a 4.8% increase from 2022.

**CITY OF NICHOLS HILLS, OKLAHOMA  
MANAGEMENT'S DISCUSSION & ANALYSIS**  
For the fiscal year ended June 30, 2023

At June 30, 2023, the General Fund reported an unassigned fund balance of \$3,471,244, which is a decrease from prior year due to an increase in assigned fund balance for capital projects. The Debt Service Fund decreased its fund balance by \$629,096 due to a decrease in the levy. The Capital Improvement Fund had a decrease in fund balance due to capital purchases. The City issued Series 2023 General Obligation Bonds in the amount of \$8,400,000 for capital projects, and the GO Bond Fund balance increased by \$2,013,871.

**General Fund Budgetary Highlights**

Over the course of the year, the City Council made budget revisions mostly due to capital asset purchases, sales tax, and grant revenue exceeding original estimates. The General Fund reported resources available for appropriations over final estimates of \$551,047 (4.8%) and expenditures under final appropriations by \$321,629 (2.7%). Sales and use tax budget amounts were purposely conservative causing revenue to exceed budget even after amendments. Grant revenue varies based on awards.

**Capital Asset and Debt Administration**

*Capital Assets*

At June 30, 2023, the City had approximately \$57.3 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, water lines, sewer lines and systems. (See table below).

	<b>Primary Government Capital Assets (Net of accumulated depreciation)</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$683,674	\$408,047	\$207,742	\$207,742	\$891,416	\$615,789
Buildings	2,520,080	2,691,947	911,888	983,171	3,431,968	3,675,118
Imp. other than buildings	728,400	781,096	18,018	20,582	746,418	801,678
Machinery, furniture and equipment	2,285,406	1,388,847	320,252	787,053	2,605,658	2,175,900
Infrastructure	25,992,489	24,816,135	-	-	25,992,489	24,816,135
Utility improvements	-	-	15,370,440	14,859,620	15,370,440	14,859,620
Water rights	-	-	31,386	33,563	31,386	33,563
Construction in progress	<u>6,451,523</u>	<u>3,702,475</u>	<u>1,817,431</u>	<u>764,665</u>	<u>8,268,954</u>	<u>4,467,140</u>
<b>Totals</b>	<u>\$38,661,572</u>	<u>\$33,788,547</u>	<u>\$18,677,157</u>	<u>\$17,656,396</u>	<u>\$57,338,729</u>	<u>\$51,444,943</u>

This year's more significant capital asset additions are various paving projects, a Fire Engine, a CNG Sanitation Truck, and several new vehicles. Depreciation expense for all assets totaled \$4.0 million. See Note 3.D. for additional information.

***Long-Term Debt Administration***

At year-end, the City had approximately \$42.7 million in outstanding long-term debt. (See table below). These debts are further detailed below and excludes any unamortized debt premiums and discounts.



**CITY OF NICHOLS HILLS, OKLAHOMA**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
For the fiscal year ended June 30, 2023

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>		<u>Total</u>
	<u>Activities</u>		<u>Activities</u>				<u>Percentage</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2022-2023</u>
G.O. Bonds payable	\$41,975,000	\$37,830,000	\$ -	\$ -	\$41,975,000	\$37,830,000	11.0%
Water rights	-	-	15,303	16,170	15,303	16,170	-5.4%
Accrued comp absences	637,058	594,423	53,830	42,672	690,888	637,095	8.4%
Utility deposits	-	-	27,760	27,774	27,760	27,774	-0.1%
<b>Totals</b>	<u>\$ 42,612,058</u>	<u>\$38,424,423</u>	<u>\$ 96,893</u>	<u>\$ 86,616</u>	<u>\$42,708,951</u>	<u>\$38,511,039</u>	10.9%

For the year ended June 30, 2023, the City issued \$8.4 million of general obligation bonds for capital improvements. See Note 3.E. for additional information.

**Economic Factors and Next Year's Budget and Rates**

Nichols Hills is a small community covering approximately two and one-half square miles, with the majority of the City being residential in nature. The two major sources of operational income are sales tax and water revenues. Sales tax revenue increased 2.8% from the prior fiscal year. The top fifteen retail sectors had an increase of 8.3%, mostly related to inflation. A few smaller retail locations were vacant for part of the year. Use tax increased 14% from the prior fiscal year, this increase is due to inflation and better reporting of use tax collections by retailers. In the upcoming fiscal year, the City will be working to increase sales tax revenue by promoting local businesses via city-sponsored events, such as the annual Halloween Boo Bash in the Nichols Hills Plaza and the hosting of regular Northwest Oklahoma City Chamber events in our retail spaces and City Hall.

Water sales continue to be good at rounding out our income sources. Water revenue increased 9.8% from the prior fiscal year. The City of Nichols Hills is fortunate to have an excellent collection rate for utility revenue. The City plans to build a new water treatment facility and water well redrilling to improve the City's water system.

**Subsequent Events**

On October 10, 2023, the voters approved \$40,850,000 of General Obligation authorizations estimated to be issued over the next five years. The GO bonds will be used for street, water, sanitary sewer, fire, technology, public works, park, police, vehicle, and traffic projects.

**Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at 6407 Avondale Dr., Nichols Hills, Oklahoma 73116 or phone at (405) 843-6637.

**City of Nichols Hills  
Statement of Net Position  
June 30, 2023**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,721,486	\$ 1,573,592	\$ 9,295,078
Investments	17,286,304	2,640,064	19,926,368
Deposits with insurance pool	37,228	-	37,228
Interest receivable	309,597	49,312	358,909
Accounts receivable, net	266,121	633,183	899,304
Franchise tax receivable	50,867	-	50,867
Court fines receivable, net	162,893	-	162,893
Other receivables	27,692	1,624	29,316
Internal balances	86,070	(86,070)	-
Due from other governments	898,646	-	898,646
Lease receivable	694,888	-	694,888
Net pension asset	293,865	-	293,865
Capital assets:			
Non-depreciable assets	7,135,197	2,025,173	9,160,370
Depreciable assets, net	31,526,375	16,651,984	48,178,359
Total capital assets	<u>38,661,572</u>	<u>18,677,157</u>	<u>57,338,729</u>
Total assets	<u>66,497,229</u>	<u>23,488,862</u>	<u>89,986,091</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts related to OPEB	322,080	43,637	365,717
Deferred amounts related to pensions	3,652,967	374,590	4,027,557
Total deferred outflows of resources	<u>3,975,047</u>	<u>418,227</u>	<u>4,393,274</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	675,718	390,112	1,065,830
Long-term liabilities			
Due within one year			
Compensated absences	63,706	5,383	69,089
Bonds and notes payable	4,605,000	899	4,605,899
Due in more than one year			
Deposit liability	1,955	27,760	29,715
Bonds and notes payable	38,989,113	14,404	39,003,517
Compensated absences	573,352	48,447	621,799
Net pension liability	5,131,484	20,673	5,152,157
Total OPEB liability	845,163	98,791	943,954
Claims and judgments	55,223	6,136	61,359
Total liabilities	<u>50,940,714</u>	<u>612,605</u>	<u>51,553,319</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amounts related to OPEB	399,347	50,180	449,527
Deferred amounts related to refunding	21,561	-	21,561
Deferred amounts related to leases	694,888	-	694,888
Deferred amounts related to pensions	223,353	38,888	262,241
	<u>1,339,149</u>	<u>89,068</u>	<u>1,428,217</u>
<b>NET POSITION</b>			
Net investment in capital assets	9,807,498	18,419,867	28,227,365
Restricted for:			
Pension	293,865	-	293,865
Debt service	398,747	-	398,747
Streets	226,116	-	226,116
Donations	53,086	-	53,086
Public safety	68,041	-	68,041
Insurance	37,228	-	37,228
Unrestricted	7,307,832	4,785,549	12,093,381
Total net position	<u>\$ 18,192,413</u>	<u>\$ 23,205,416</u>	<u>\$ 41,397,829</u>

**City of Nichols Hills  
Statement of Activities  
For the Year Ended June 30, 2023**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
Governmental Activities							
General Government	\$ 3,695,144	\$ 463,422	\$ 164,767	\$ 266,121	\$ (2,800,834)	\$ -	\$ (2,800,834)
Public Safety	6,724,195	816,640	542,072	1,252	(5,364,231)	-	(5,364,231)
Highways and Streets	1,628,008	108,170	34,801	-	(1,485,037)	-	(1,485,037)
Public Works	1,637,914	1,229,661	-	-	(408,253)	-	(408,253)
Culture and Recreation	401,339	-	-	-	(401,339)	-	(401,339)
Interest on Long-term debt	792,112	-	-	-	(792,112)	-	(792,112)
Total governmental activities	<u>14,878,712</u>	<u>2,617,893</u>	<u>741,640</u>	<u>267,373</u>	<u>(11,251,806)</u>	<u>-</u>	<u>(11,251,806)</u>
Business-type Activities							
Water	3,098,691	3,850,146	-	-	-	751,455	751,455
Wastewater	1,138,250	1,463,653	-	-	-	325,403	325,403
Total business-type activities	<u>4,236,941</u>	<u>5,313,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,076,858</u>	<u>1,076,858</u>
Total primary government	<u>\$ 19,115,653</u>	<u>\$ 7,931,692</u>	<u>\$ 741,640</u>	<u>\$ 267,373</u>	<u>(11,251,806)</u>	<u>1,076,858</u>	<u>(10,174,948)</u>
<b>General revenues:</b>							
Taxes:							
Sales tax					6,676,162	-	6,676,162
Property taxes, levied for debt service					4,527,069	-	4,527,069
Franchise taxes					394,488	-	394,488
E911 taxes					8,903	-	8,903
Intergovernment not restricted to specific programs					10,303	-	10,303
Unrestricted investment earnings					932,534	186,207	1,118,741
Miscellaneous					587,311	23,678	610,989
Transfers					218,222	(218,222)	-
Total general revenues and transfers					<u>13,354,992</u>	<u>(8,337)</u>	<u>13,346,655</u>
Change in net position					2,103,186	1,068,521	3,171,707
Net position - beginning					16,089,227	22,136,895	38,226,122
Net position - ending					<u>\$ 18,192,413</u>	<u>\$ 23,205,416</u>	<u>\$ 41,397,829</u>

See accompanying notes to the basic financial statements

See accompanying notes to the basic financial statements

**City of Nichols Hills  
Balance Sheet  
Governmental Funds  
June 30, 2023**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Improvement Fund</u>	<u>GO Bond Fund</u>	<u>Park Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 3,060,019	\$ 373,786	\$ 276,294	\$ 3,245,974	\$ 355,422	\$ 311,938	\$ 7,623,433
Restricted cash and equivalents	1,955	-	-	-	-	-	1,955
Investments	2,850,000	-	2,522,677	11,913,627	-	-	17,286,304
Deposits with insurance pool	37,228	-	-	-	-	-	37,228
Receivables:							
Accrued interest receivable	23,155	-	44,095	242,347	-	-	309,597
Due from other funds	86,070	-	-	-	-	-	86,070
Due from other governments	813,906	83,132	266,121	-	-	1,608	1,164,767
Franchise taxes receivable	50,867	-	-	-	-	-	50,867
Court fines receivable, net	162,893	-	-	-	-	-	162,893
Leases	694,888	-	-	-	-	-	694,888
Other	12,350	-	-	-	-	729	13,079
Total assets	<u>\$ 7,793,331</u>	<u>\$ 456,918</u>	<u>\$ 3,109,187</u>	<u>\$ 15,401,948</u>	<u>355,422</u>	<u>\$ 314,275</u>	<u>\$ 27,431,081</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 407,042	\$ -	\$ 42,976	\$ 205,595	1,840	\$ -	\$ 657,453
Due to other governments	1,428	-	-	-	-	-	1,428
Deposit liabilities	1,955	-	-	-	-	-	1,955
Retainage payable	8,855	-	-	7,982	-	-	16,837
Total liabilities	<u>419,280</u>	<u>-</u>	<u>42,976</u>	<u>213,577</u>	<u>1,840</u>	<u>-</u>	<u>677,673</u>
Deferred inflows of resources:							
Leases	694,888	-	-	-	-	-	694,888
Unavailable revenue	170,766	58,171	310,216	242,347	-	-	781,500
Total deferred inflows	<u>865,654</u>	<u>58,171</u>	<u>310,216</u>	<u>242,347</u>	<u>-</u>	<u>-</u>	<u>1,476,388</u>
Fund balances:							
Restricted for:							
Streets	-	-	-	-	-	226,116	226,116
Public safety	-	-	-	-	-	68,041	68,041
Donations	53,086	-	-	-	327,353	-	380,439
Debt service	-	398,747	-	-	-	-	398,747
Capital projects	-	-	-	14,695,255	-	-	14,695,255
Insurance	37,228	-	-	-	-	-	37,228
Committed for:							
Capital projects	491,572	-	-	-	-	-	491,572
Assigned for:							
Streets	-	-	-	-	-	16,623	16,623
Economic development	500,000	-	-	-	-	-	500,000
Capital projects	1,930,267	-	-	-	-	3,495	1,933,762
Donations	-	-	-	-	26,229	-	26,229
Capital projects	-	-	2,755,995	250,769	-	-	3,006,764
Parks	25,000	-	-	-	-	-	25,000
Unassigned	3,471,244	-	-	-	-	-	3,471,244
Total fund balances	<u>6,508,397</u>	<u>398,747</u>	<u>2,755,995</u>	<u>14,946,024</u>	<u>353,582</u>	<u>314,275</u>	<u>25,277,020</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,793,331</u>	<u>\$ 456,918</u>	<u>\$ 3,109,187</u>	<u>\$ 15,401,948</u>	<u>\$ 355,422</u>	<u>\$ 314,275</u>	<u>\$ 27,431,081</u>

See accompanying notes to the basic financial statements

**City of Nichols Hills**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net**  
**Position**  
**June 30, 2023**

Total fund balance, governmental funds \$ 25,277,020

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$22,861,507. 38,661,572

Certain other long-term assets and deferred outflows are not available to pay current fund liabilities and therefore are deferred or not reported in the funds:

Net pension asset	293,865
Deferred Outflows:	
Court fines receivable	147,205
Grant receivable	266,527
Investment receivable	309,597
Deferred amount related to OPEB	322,080
Pension related deferred outflows	3,652,967
Receivable from other governments	58,171
	<u>5,050,412</u>

Internal service fund are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance costs, to individual funds. These assets and liabilities of these internal service funds are reported in the governmental activities of the Statement of Net Position:

Internal service funds' net position 55,488

Certain liabilities are not due and payable from current financial resources and therefore, they, along with the deferred inflows, are not reported in the funds:

General obligation bonds payable	(43,594,113)
Deferred inflow on refunding	(21,561)
Accrued compensated absences	(637,058)
Net pension liability	(5,131,484)
Total OPEB liability	(845,163)
OPEB related deferred inflows	(399,347)
Pension related deferred inflows	(223,353)
	<u>(50,852,079)</u>

Net Position of Governmental Activities in the Statement of Net Position \$ 18,192,413

See accompanying notes to the basic financial statements

**City of Nichols Hills**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Improvement Fund</u>	<u>GO Bond Fund</u>	<u>Park Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>							
Property taxes	\$ -	\$ 4,540,704	\$ -	\$ -	\$ -	\$ -	\$ 4,540,704
Taxes	7,070,650	-	-	-	-	8,903	7,079,553
Fees and fines	120,835	-	-	-	-	-	120,835
Licenses and permits	285,491	-	-	-	-	-	285,491
Intergovernmental	1,121,904	-	-	-	-	34,801	1,156,705
Charges for services	1,222,313	-	-	-	-	-	1,222,313
Investment earnings	210,097	113,920	45,332	248,258	23,798	12,260	653,665
Miscellaneous	435,201	-	87,239	-	-	-	522,440
Total revenues	<u>10,466,491</u>	<u>4,654,624</u>	<u>132,571</u>	<u>248,258</u>	<u>23,798</u>	<u>55,964</u>	<u>15,581,706</u>
<b>EXPENDITURES</b>							
Current:							
General government	2,986,475	2,895	-	3,173	-	-	2,992,543
Public safety	5,659,478	-	-	-	-	-	5,659,478
Highways and streets	376,860	-	-	-	-	-	376,860
Public works	1,185,481	-	-	-	-	-	1,185,481
Culture and recreation	218,628	-	-	-	41,365	-	259,993
Debt service:							
Principal	-	4,255,000	-	-	-	-	4,255,000
Interest and other charges	-	1,025,825	-	-	-	-	1,025,825
Bond issuance costs	-	-	-	105,867	-	-	105,867
Capital outlay	1,177,747	-	742,080	6,765,580	676,096	-	9,361,503
Total expenditures	<u>11,604,669</u>	<u>5,283,720</u>	<u>742,080</u>	<u>6,874,620</u>	<u>717,461</u>	<u>-</u>	<u>25,222,550</u>
Excess (deficiency) of revenues over expenditures	<u>(1,138,178)</u>	<u>(629,096)</u>	<u>(609,509)</u>	<u>(6,626,362)</u>	<u>(693,663)</u>	<u>55,964</u>	<u>(9,640,844)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Issuance of debt	-	-	-	8,400,000	-	-	8,400,000
Premium on issuance of debt	-	-	-	240,233	-	-	240,233
Transfers in	2,388,851	-	553,205	-	-	-	2,942,056
Transfers out	(553,205)	-	-	-	-	-	(553,205)
Total other financing sources and uses	<u>1,835,646</u>	<u>-</u>	<u>553,205</u>	<u>8,640,233</u>	<u>-</u>	<u>-</u>	<u>11,029,084</u>
Net change in fund balances	697,468	(629,096)	(56,304)	2,013,871	(693,663)	55,964	1,388,240
Fund balances - beginning	5,810,929	1,027,843	2,812,299	12,932,153	1,047,245	258,311	23,888,780
Fund balances - ending	<u>\$ 6,508,397</u>	<u>\$ 398,747</u>	<u>\$ 2,755,995</u>	<u>\$ 14,946,024</u>	<u>\$ 353,582</u>	<u>\$ 314,275</u>	<u>\$ 25,277,020</u>

See accompanying notes to the basic financial statements

**City of Nichols Hills**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2023**

Net change in fund balances - total governmental funds: \$ 1,388,240

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	7,173,500
Depreciation expense	(2,293,922)
Loss on disposal of capital asset	(6,553)
	4,873,025

In the Statement of Activities, the net cost of pension and other post-employment benefits earned is calculated and is reported as pension and OPEB expense. The fund financial statements report pension and OPEB contributions as expenditures. This amount represents the difference between pension and OPEB contributions and calculated pension and OPEB expense.

6,240,363

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in unavailable revenue	170,758
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities and can also increase deferred amounts in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds; but the repayment reduces long-term liabilities in the Statement of Net Position:

Bond proceeds received	(8,400,000)
General obligation bond principal payments	4,255,000
Change in bond premium	(10,941)
Change in deferred inflow on refunding	5,505
Change in bond discount	(1,084)
	(4,151,520)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued compensated absences	(42,635)
Net pension obligation	(6,425,741)
Total OPEB liability	42,224
	(6,426,152)

Internal service fund activity is reported as a proprietary fund in the fund financial statements, but certain net revenues are reported in governmental activities on the Statement of Activities

Change in net position for internal service funds	8,472
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Change in net position of Governmental Activities	\$ 2,103,186
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See accompanying notes to the basic financial statements







**City of Nichols Hills  
Statement of Cash Flow  
Proprietary Fund  
For the Year Ended June 30, 2023**

	<b>Enterprise Fund</b>	
	<b>Nichols Hills Municipal Authority</b>	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 5,332,286	\$ -
Payments to suppliers	(1,132,186)	(1,185,665)
Payments to employees	(831,619)	-
Receipts of customer meter deposits	9,250	-
Refunds of customer meter deposits	(9,264)	-
Interfund receipts/payments	833	-
Other income	-	29,103
Health insurance charge	-	1,191,687
<b>Net cash provided by operating activities</b>	<b>3,369,300</b>	<b>35,125</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers to other funds	(2,388,851)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(2,388,851)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(740,870)	-
Principal paid on debt	(867)	-
Interest and fiscal agent fees paid on debt	(1,082)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(742,819)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(582,571)	-
Interest and dividends	140,163	13,592
<b>Net cash provided by (used in) investing activities</b>	<b>(442,408)</b>	<b>13,592</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	(204,778)	48,717
<b>Balances - beginning of year</b>	1,767,692	58,059
<b>Balances - end of year</b>	<b>\$ 1,562,914</b>	<b>\$ 106,776</b>
<b>Reconciliation to Statement of Net Position:</b>		
Cash and cash equivalents	\$ 1,535,154	\$ 106,776
Restricted cash and cash equivalents - non-current	27,760	-
Total cash and cash equivalents, end of year	<b>\$ 1,562,914</b>	<b>\$ 106,776</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating activities:	\$ 1,236,196	\$ (4,178)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	1,755,219	-
Change in assets, liabilities and deferrals:		
Due to other funds	833	-
Total OPEB liability and deferred amounts	8,598	-
Accounts receivable	112,253	108,935
Accounts payable	234,921	-
Net pension asset and deferred amounts	10,136	-
Deposits subject to refund	(14)	-
Accrued compensated absences	11,158	-
Claims liability	-	(69,632)
<b>Net cash provided by operating activities</b>	<b>\$ 3,369,300</b>	<b>\$ 35,125</b>
<b>Noncash Activities:</b>		
Contributed capital assets	<b>\$ 2,035,110</b>	<b>\$ -</b>

See accompanying notes to the basic financial statements

CITY OF NICHOLS HILLS, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
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**CITY OF NICHOLS HILLS, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City’s accounting and financial reporting policies conform with accounting principles generally accepted in the United States of America (GAAP). Accounting principles generally accepted in the United States of America (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

**1.A. FINANCIAL REPORTING ENTITY**

The City’s financial reporting entity is comprised of the following:

- Primary Government:                   City of Nichols Hills
- Blended Component Unit:           Nichols Hills Municipal Authority

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 61, and includes all component units of which the City appointed a voting majority of the units board and the City is financially accountable.

The component unit is a Public Trust established pursuant to Title 60 of Oklahoma State law. A public trust (Authority) has no taxing power. The Authority is 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 the Authority. The Authority generally retains title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation of the Authority to the Trustees on a long-term basis. The City, as beneficiary of the Public Trust, receives title to any residual assets when the Public Trust is dissolved.

**BLENDED COMPONENT UNIT**

A blended component unit is a separate legal entity that meets the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. In addition, management and staff of the City are also the management and staff of the component unit. The component unit fund is blended into those of the City’s by appropriate fund category to comprise the primary government presentation.

The component unit that is blended into the reporting fund categories of the City’s report is presented below.

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>	<u>Reporting Fund</u>
Nichols Hills Municipal Authority (NHMA)	Created December 29, 1987, to finance, develop and operate the water and waste-water activities of the City. Current City Council serves as entire governing body (Trustees). Debt issued by the Authority requires 2/3rds approval of City Council. In addition, management and staff of the City are also the management and staff of the component unit.	Enterprise Fund

This component unit does not issue a separate annual financial report.

## **1.B. BASIS OF PRESENTATION**

### *Government-Wide Financial Statements:*

The statement of net position and statement of activities display information about the City as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

### *Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and internal service. The City presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets plus deferred outflows or liabilities plus deferred inflows or revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets plus deferred outflows or liabilities plus deferred inflows or revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

### GOVERNMENTAL FUNDS

#### General Fund

The General Fund is the primary operating fund of the City. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

#### Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds:

Street and Alley Fund  
E-911

#### Debt Service Fund

The Debt Service Fund is used to account for ad-valorem taxes levied by the City for use in retiring general obligation bonds, court-assessed judgments, and their related interest expense and fiscal agent fees. State law refers to this fund as the Sinking Fund.

**CITY OF NICHOLS HILLS, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

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Capital Project Funds

Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes the following capital project funds:

Capital Improvement Fund  
GO Bond Fund  
Park Fund

PROPRIETARY FUNDS

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund:

Nichols Hills Municipal Authority Fund (Water and Wastewater)

INTERNAL SERVICE FUNDS

Health Insurance Fund

Health Insurance fund accounts for the revenue and expenses of insurance costs for employees with the City, including retirees. The reporting entity includes the following internal service fund:

Health Insurance Fund

MAJOR AND NON-MAJOR FUNDS

The funds are further classified as major or non-major as follows:

***Major:***

General Fund  
  
Debt Service Fund

***Non-Major:***

Special Revenue Funds:  
Street and Alley Fund  
E-911 Fund

Capital Project Funds:

Capital Improvement Fund  
GO Bond Fund  
Park Fund

Enterprise Fund:

Nichols Hills Municipal Authority

Internal Service Fund:

Health Insurance Fund

**1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities both governmental and business-

**CITY OF NICHOLS HILLS, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

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type activities are presented using the economic resources measurement focus as defined in item 2. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

1. All governmental fund types utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
2. Proprietary fund types utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial), along with deferred outflows and deferred inflows associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred. All proprietary funds utilize the accrual basis of accounting.

**1.D. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND EQUITY**

Cash and Cash Equivalents

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments

Investments are reported at fair value which is determined using selected bases. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. All non-negotiable certificates of deposit are carried at cost. Additional cash and investment disclosures are presented in 3.A.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales tax, franchise tax, grants, leases, and court fines. Business-type activities report utilities and interest earnings as its major receivables.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, court fine receivables, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Available has been defined by the City as collected within 60 days of year end. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred

**CITY OF NICHOLS HILLS, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

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in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if available to pay current liabilities since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Leases

The City is a party as lessor for various noncancellable long-term leases of cell towers. The corresponding lease receivable is recorded in an amount equal to present value of the expected future minimum lease payments received or received, respectively, discounted by an applicable interest rate.

Inventories

Due to their immaterial nature, the City has chosen to record consumable materials and supplies as expenditures/expenses at the time of purchase, and, therefore, no balances for inventory on-hand are reported on the balance sheet.

Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. The threshold for capital asset additions is \$7,500.

*Government-Wide Statements*

In the government-wide financial statements, property, plant and equipment are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation.

Prior to July 1, 2003, governmental activities' infrastructure assets were not capitalized. These assets have not yet been valued or recorded as capital assets. Only infrastructure additions after July 1, 2003 have been included in the balances of capital assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset of the City is as follows:

Buildings	20-50 years
Equipment	2-20 years
Wastewater lines	50 years
Waterlines	50 years
Streets	20-50 years

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets reported in the fund financial statements include current assets that are legally restricted as to their use. The primary restricted assets are related to utility customer deposits and trustee accounts restricted for debt service.



**CITY OF NICHOLS HILLS, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

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Deferred Outflows and Inflows

Deferred outflows represent a consumption of net assets that applies to future periods. Deferred inflows represent an acquisition of net assets that applies to future periods. At June 30, 2023, the City's deferred outflows and deferred inflows of resources were comprised of pension, OPEB, and leases related deferrals. As mentioned in Note 1.H., certain pension and OPEB amounts are deferred, some as outflows and other as inflows, amortized as a component of pension and insurance expense and lease and interest revenue in future periods.

Lease-related amounts are recognized at the inception of leases in which the City is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of the lessee at or before the commencement of the lease term. The inflows of resources is recognized in a systematic and rational manner over the term of the lease using the effective interest rate method.

Long-Term Debt

Accounting treatment of long-term debt varies depending upon the source of repayment and whether the debt is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of general obligation bonds payable, notes payable, and accrued compensated absences.

Long-term debt of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

Compensated Absences

The City's policies regarding vacation and compensatory time permit employees to accumulate varying amounts as determined by management and contracts with employee groups.

The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources if due and payable at period end for terminated employees, while the proprietary funds report the liability as it is incurred.

Equity Classification

*Government-Wide Financial Statements:*

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

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. 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 or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

It is the City's policy to first use restricted net position prior to the use of unrestricted net position when an expense is

**CITY OF NICHOLS HILLS, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

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incurred for purposes for which both restricted and unrestricted net position are available.

*Fund Financial Statements:*

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

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (b) 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. City management currently has the authority to assign fund balance.
- 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, or represents deficit fund balances in non-general fund governmental funds.

It is the City’s policy to first use restricted fund balances prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balances 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.

**1.E. REVENUES, EXPENDITURES AND EXPENSES**

Sales Tax

The City presently levies a four-cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. Sales tax proceeds are recorded in the General Fund. Sales tax accrued is included under the caption “Due from other governments”.

Property Tax

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments.

At the present time the City levies a property tax to fund the annual debt service requirements of thirteen general obligation bond issues.

The property tax levy, as determined by the City’s debt service needs, is submitted to the County Excise Board for approval. County assessors, elected officials, determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments.

**CITY OF NICHOLS HILLS, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

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Under present State law, the ratio of assessed value to true value cannot be less than 11 percent nor more than 13 ½ percent.

Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. Property taxes levied, but not collected during the year or within 60 days of year-end are reported as unavailable revenue.

For the year ended June 30, 2023, the City's net assessed valuation of taxable property was \$186,615,815. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2023 were \$25.36.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General government	Licenses and permits, other charges, capital grants
Public safety	Court fines and animal license fees; pension plans on-behalf payments by state; capital grants.
Highways and streets	Operating grants and contributions include motor fuel and commercial vehicle intergovernmental revenues.
Public works	Sanitation service charges.

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. Non-operating revenues and expenses are those related to capital and related financing, non-capital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are reported on the accrual basis and are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures/expenses are classified as follows:

Governmental Funds - By Character:	Current (further classified by function)
	Capital Outlay
	Debt Service

Proprietary Funds - By Operating and Non-Operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to the use of economic resources.

**1.F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES**

In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have

**CITY OF NICHOLS HILLS, OKLAHOMA**  
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been eliminated or reclassified.

*Fund Financial Statements:*

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

*Government-Wide Financial Statements:*

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities.

The effect of interfund services between funds are not eliminated in the statement of activities.

**1.G. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

The City generally uses an estimate based on municipal bond rate yield curves as the discount rate for leases unless the rate that the is known.

**1.H. PENSIONS AND OPEB**

For purposes of measuring the net pension asset, net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (OFPRS), Oklahoma Police Pension & Retirement System (OPPRS) and Oklahoma Municipal Retirement Fund (OkMRF) and additions to/deductions from OFPRS, OPPRS and OkMRF's fiduciary net position have been determined on the same basis as they are reported by OFPRS, OPPRS and OkMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by these funds are reported at fair value.

For purposes of measuring the total OPEB liability, deferred outflows of resources, and deferred inflows and OPEB

**CITY OF NICHOLS HILLS, OKLAHOMA**  
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expense for the single employer other postemployment benefit plan the measurement has been prepared in accordance with GASB Statement No. 75.

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

By its nature as a local government unit, the City and its component unit are subject to various federal, state and local laws and contractual regulations. An analysis of the City’s compliance with significant laws and regulations and demonstration of its stewardship over City resources follows:

**2.A. FUND ACCOUNTING REQUIREMENTS**

The City complies, in all material respects, with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include the following:

<u>Fund</u>	<u>Required By</u>
Debt Service Fund (Sinking Fund)	State Law
Municipal Authority Fund	Bond Indenture

**2.B. REVENUE RESTRICTIONS**

The City complied, in all material respects, with the restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gasoline Excise & Commercial Vehicle Tax	Street and Alley Purposes
Water and Wastewater Revenue	Debt Service and Utility Operations
Ad-Valorem Tax	Debt Service on General Obligation Bonds
E-911 Revenue	E-911 Emergency Services Purposes
Sinking Fund Interest Income	Retirement of General Obligation Bond Debt
Net Surplus Revenue of Municipal Authority	Transfer to City General Fund

**2.C. DEBT RESTRICTIONS AND COVENANTS**

General Obligation Debt

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2023, the City complied with the legal debt limit. Of the \$41,975,000 outstanding general obligation bonded debt, all but \$9,077,500 is utility and street related.

**2.D. FUND EQUITY / NET POSITION RESTRICTIONS**

Restricted Net Position

Restricted net position at the government-wide financial statements are required to restrict funds in accordance with various laws and regulations, specifically those laws and regulations dealing with debt service and the use of restricted revenues.

**NOTE 3. DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, deferred outflows, liabilities, deferred inflows, equity, revenues and expenditures/expenses.

**CITY OF NICHOLS HILLS, OKLAHOMA**  
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**3.A. CASH AND INVESTMENTS**

The City of Nichols Hills held the following deposits and investments at June 30, 2023:

<b>Type of Deposits and Investments</b>	<b>Carrying Value</b>
Deposits:	
Demand deposits	\$ 9,295,078
Time deposits	19,926,368
<b>Total Deposits and Investments</b>	<b>\$ 29,221,446</b>
 <b>Reconciliation to Statement of Net Position:</b>	
Cash and cash equivalents	\$ 9,295,078
Investments	19,926,368
	<b>\$ 29,221,446</b>

*Custodial Credit Risk* – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City’s name. The City’s policy is to have demand deposits and certificate deposits collateralized at 110% coverage. At June 30, 2023, all deposits were collateralized.

*Investment Credit Risk* – Investment credit risk is the risk that an issuer or other counterparty 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 the year end. Investments of a City (excluding Public Trusts) are limited by State law to the following:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. 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.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market mutual funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., d., and e.

**CITY OF NICHOLS HILLS, OKLAHOMA**  
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Public trusts created under O.S. Title 60, are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2023, the City and its included component unit complied, in all material respects, with the above noted investment restrictions.

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 investment interest rate risk policy. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments.

*Concentration of Investment Credit Risk* - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments 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 concentration of investment credit risk policy.

At June 30, 2023, the City had no concentration of credit risk as defined above.

**3.B. RESTRICTED ASSETS**

The amounts reported as restricted assets in the governmental and proprietary fund financial statements are comprised of cash and cash equivalents held by the City on related to building demolition, fire hydrant meter, and utility deposits held for refund.

The restricted assets as of June 30, 2023 were as follows:

<u>Type of Restricted Assets</u>	<u>Proprietary Fund</u>		<u>Governmental</u>
Utility Deposits	<u>\$27,760</u>	Fire Hydrant Meter Deposit	<u>\$1,955</u>

**3.C. ACCOUNTS RECEIVABLE**

Accounts receivable of the business-type activities consists of customer utilities, while the governmental activities consists of municipal court activity. Receivables detail at June 30, 2023 is as follows:

	<u>Business-Type</u>		<u>Governmental</u>
Service receivables	\$659,770	Court receivable	\$1,270,835
Allowance for doubtful accounts	<u>(26,587)</u>	Allowance for doubtful accounts	<u>(1,107,942)</u>
Total accounts receivable	<u>\$633,183</u>	Total accounts receivable	<u>\$162,893</u>

**CITY OF NICHOLS HILLS, OKLAHOMA**  
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**3.D. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance at July 1, 2022	Additions	Disposals	Balance at June 30, 2023
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$408,047	275,627	-	\$683,674
Construction in progress	3,702,475	5,567,314	2,818,266	6,451,523
Total capital assets not being depreciated	<u>4,110,522</u>	<u>5,842,941</u>	<u>2,818,266</u>	<u>7,135,197</u>
Other capital assets:				
Buildings	3,925,189	-	-	3,925,189
Improvements	1,296,823	13,071	15,614	1,294,280
Machinery, furniture and equipment	5,324,241	1,434,907	366,567	6,392,581
Infrastructure	40,080,984	2,700,847	6,000	42,775,831
Total other capital assets at historical cost	<u>50,627,237</u>	<u>4,148,825</u>	<u>388,181</u>	<u>54,387,881</u>
Less accumulated depreciation for:				
Buildings	1,233,242	171,867	-	1,405,109
Improvements	515,727	65,767	15,614	565,880
Machinery, furniture and equipment	3,935,394	531,795	360,014	4,107,175
Infrastructure	15,264,849	1,524,493	6,000	16,783,342
Total accumulated depreciation	<u>20,949,212</u>	<u>2,293,922</u>	<u>381,628</u>	<u>22,861,506</u>
Other capital assets, net	<u>29,678,025</u>	<u>1,854,903</u>	<u>6,553</u>	<u>31,526,375</u>
Governmental activities capital assets, net	<u>\$33,788,547</u>	<u>\$7,697,844</u>	<u>\$2,824,819</u>	<u>\$38,661,572</u>
	Balance at July 1, 2022	Additions	Disposals	Balance at June 30, 2023
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$207,742	-	-	\$207,742
Construction in progress	764,665	2,538,582	1,485,816	1,817,431
Total capital assets not being depreciated	<u>972,407</u>	<u>2,538,582</u>	<u>1,485,816</u>	<u>2,025,173</u>
Other capital assets:				
Buildings	1,913,356	-	-	1,913,356
Improvements	39,634	-	5,110	34,524
Machinery, furniture and equipment	1,984,285	335,963	125,013	2,195,235
Utility improvements	41,778,562	1,387,251	4,114	43,161,699
Water rights	93,783	-	-	93,783
Total other capital assets at historical cost	<u>45,809,620</u>	<u>1,723,214</u>	<u>134,237</u>	<u>47,398,597</u>
Less accumulated depreciation for:				
Buildings	930,185	71,283	-	1,001,468
Improvements	19,052	2,564	5,110	16,506
Machinery, furniture and equipment	1,197,232	802,764	125,013	1,874,983
Utility improvements	26,918,942	876,431	4,114	27,791,259
Water rights	60,220	2,177	-	62,397
Total accumulated depreciation	<u>\$29,125,631</u>	<u>\$1,755,219</u>	<u>134,237</u>	<u>\$30,746,613</u>
Other capital assets, net	<u>16,683,989</u>	<u>(32,005)</u>	<u>-</u>	<u>16,651,984</u>
Business-type activities capital assets, net	<u>\$17,656,396</u>	<u>\$2,506,577</u>	<u>1,485,816</u>	<u>\$18,677,157</u>



**CITY OF NICHOLS HILLS, OKLAHOMA**  
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Depreciation expense was charged to functions in the Statement of Activities as follows:

Governmental Activities:	
General Government	\$348,146
Public Safety	289,423
Highways and Streets	1,187,779
Culture and Recreation	168,967
Public Works	<u>299,607</u>
Total depreciation expense for governmental activities	\$ <u>2,293,922</u>
Business-Type Activities:	
Water	\$1,256,212
Wastewater	<u>499,007</u>
Total depreciation expense for business-type activities	\$ <u>1,755,219</u>

**3.E. LONG-TERM DEBT**

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities

At June 30, 2023, the governmental long-term debt of the financial reporting entity consisted of the following:

General Obligation Bonds:

\$4,200,000 General Obligation Bonds, Series 2016, due in annual installments of \$350,000 through July 1, 2028, with interest at 3.0% to 3.25% with final payment of \$350,000 due July 1, 2029, with interest at 3.25%.	2,100,000
\$4,200,000 General Obligation Bonds, Series 2017, due in annual installments of \$350,000 through July 1, 2029, with interest at 2.25% to 3.0% with final payment of \$350,000 due July 1, 2030, with interest at 3.0%.	2,450,000
\$3,000,000 General Obligation Bonds, Series 2018, due in annual installments of \$250,000 through July 1, 2030, with interest 3.0% with final payment of \$250,000 due July 1, 2031, with interest at 3.0%.	2,000,000
\$3,000,000 General Obligation Bonds, Series 2019, due in annual installments of \$250,000 through July 1, 2031, with interest 3.0% to 5.0% with final payment of \$250,000 due July 1, 2032, with interest at 3.25%.	2,250,000
\$7,800,000 General Obligation Bonds, Series 2020, due in annual installments of \$650,000 through July 1, 2032, with interest 2.0% to 4.0% with final payment of \$650,000 due July 1, 2033, with interest at 2.0%.	6,500,000
\$7,800,000 General Obligation Bonds, Series 2021, due in annual installments of \$650,000 through July 1, 2034, with interest 1.0% to 1.2% with final payment of \$650,000 due July 1, 2034, with interest at 1.2%.	7,150,000
\$8,305,000 General Obligation Refunding Bonds, Series 2021, due in annual installments of \$295,000 to 1,975,000 through July 1, 2028, with interest at 4.0% with final payment of \$295,000 due July 1, 2028, with interest at 4.0%.	4,525,000
\$6,600,000 General Obligation Bonds, Series 2022, due in annual installments of \$550,000 through July 1, 2035, with interest 1.5% to 3.0% with final payment of \$550,000 due July 1, 2035, with interest at 1.5%.	6,600,000
\$8,400,000 General Obligation Bonds, Series 2023, due in annual installments	

**CITY OF NICHOLS HILLS, OKLAHOMA**  
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of \$700,000 through July 1, 2036, with interest 4.0% to 5.0% with final payment of \$700,000 due July 1, 2036, with interest at 4.0%.	<u>8,400,000</u>
Total General Obligation Bonds Payable	\$41,975,000
Less Unamortized Bond Discount	(10,298)
Add Unamortized Bond Premium	<u>1,629,411</u>
Net General Obligation Bonds Payable	<u>43,594,113</u>
Current portion	\$4,605,000
Non-current portion	<u>38,989,113</u>
General Obligation Bonds Payable	<u>\$43,594,113</u>

Accrued Compensated Absences:

Current portion	\$63,706
Non-current portion	<u>573,352</u>
Total Accrued Compensated Absences	<u>\$637,058</u>

Business-Type Activities

At June 30, 2023, the long-term debt payable from enterprise fund resources consisted of the following:

Water Rights – direct borrowing:

Obligation payable to People’s Church, original amount of \$54,427, for use of groundwater, payable in an initial \$30,000 payment and 24 annual installments of \$1,500, final maturity in December 2036.

Current portion	\$899
Non-current portion	<u>14,404</u>
Water Rights Payable	<u>\$15,303</u>

Accrued Compensated Absences:

Current portion	\$5,383
Non-current portion	<u>48,447</u>
Total Accrued Compensated Absences	<u>\$53,830</u>

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

Type of Debt	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Amount Due Within One Year
Governmental Activities:					
General Obligation Bonds Payable	\$ 37,830,000	\$ 8,400,000	\$ 4,255,000	\$ 41,975,000	\$ 4,605,000
Plus: Premium on Bonds	1,607,088	240,233	228,208	1,619,113	237,447
Accrued Compensated Absences	<u>594,423</u>	<u>479,692</u>	<u>437,057</u>	<u>637,058</u>	<u>63,706</u>
Total Governmental Activities	<u>\$ 40,031,511</u>	<u>\$ 9,119,925</u>	<u>\$ 4,920,265</u>	<u>\$ 44,231,171</u>	<u>\$ 4,906,153</u>
Business-Type Activities:					
Water Rights - direct borrowing	\$ 16,170	\$ -	\$ 867	\$ 15,303	\$ 899
Accrued Compensated Absences	<u>42,672</u>	<u>88,286</u>	<u>77,128</u>	<u>53,830</u>	<u>5,383</u>
Total Business-Type Activities	<u>\$ 58,842</u>	<u>\$ 88,286</u>	<u>\$ 77,995</u>	<u>\$ 69,133</u>	<u>\$ 6,282</u>

Governmental accrued compensated absences are liquidated by the General Fund.

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Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2023, are as follows:

Year Ended June 30,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>G.O. Bonds Payable</u>		<u>Water Rights - direct borrowing</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	4,605,000	825,888	899	601
2025	4,910,000	675,438	933	567
2026	4,725,000	539,913	967	533
2027	4,365,000	416,788	1,003	497
2028	3,970,000	320,188	1,041	459
2029-2033	15,550,000	677,525	5,815	1,685
2034-2037	<u>3,850,000</u>	<u>31,860</u>	<u>4,645</u>	<u>562</u>
Totals	<u>\$41,975,000</u>	<u>\$3,487,600</u>	<u>\$15,303</u>	<u>\$4,904</u>

**3.F. INTERFUND TRANSACTIONS AND BALANCES**

Interfund receivables and payables at June 30, 2023 were as follows:

<u>Payable To</u>	<u>Receivable From</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Municipal Authority	\$ 86,070	Sanitation revenues to be transferred to General Fund
		<u>\$ 86,070</u>	

**Reconciliation to Fund Financial Statements:**

	<u>Due To</u>	<u>Due From</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 86,070	\$ -	\$ 86,070
Proprietary Funds	-	(86,070)	(86,070)
	<u>\$ 86,070</u>	<u>\$ (86,070)</u>	<u>\$ -</u>

Interfund transfers for the year ended June 30, 2023, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Municipal Authority Fund	General Fund	\$ 2,388,851	Trust indenture requirement of net profits
General Fund	Capital Improvement Fund	553,205	Transfer of capital projects
		<u>\$ 2,942,056</u>	

**Reconciliation to Fund Financial Statements/Statement of Activities:**

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Contributed Capital Transfer</u>	<u>Non-Capital Transfer</u>	<u>Net Transfers</u>
Governmental Funds	\$ 2,942,056	\$ (553,205)	\$ (2,035,110)	\$ (135,519)	\$ 218,222
Proprietary Funds	-	(2,388,851)	2,035,110	135,519	(218,222)
	<u>\$ 2,942,056</u>	<u>\$ (2,942,056)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**3.G. LEASE RECEIVABLES**

The City as a lessor, has entered into lease agreements involving cell towers. The total amounts of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$124,665.

**CITY OF NICHOLS HILLS, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

**NOTE 4. OTHER NOTES**

**4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS**

The City participates in three employee pension systems as follows:

<u>Name of Plan/System</u>	<u>Type of Plan</u>
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer - Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer - Defined Benefit Plan
Oklahoma Municipal Retirement Fund (OkMRF)	Agent Multiple Employer - Defined Benefit Plan

A summary of all the amounts recorded in the City's financial statements for the plans is as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Plan Totals</u>
<b>Net Pension Asset:</b>			
Police	\$ 293,865	\$ -	\$ 293,865
Total	<u>\$ 293,865</u>	<u>\$ -</u>	<u>\$ 293,865</u>
<b>Net Pension Liability:</b>			
OkMRF	\$ 75,685	\$ 20,673	\$ 96,358
Firefighters	5,055,799	-	5,055,799
Total	<u>\$ 5,131,484</u>	<u>\$ 20,673</u>	<u>\$ 5,152,157</u>
<b>Deferred Outflows of Resources:</b>			
OkMRF	\$ 1,374,885	\$ 374,590	\$ 1,749,475
Police	615,629	-	615,629
Firefighters	1,662,453	-	1,662,453
Total	<u>\$ 3,652,967</u>	<u>\$ 374,590</u>	<u>\$ 4,027,557</u>
<b>Deferred Inflows of Resources:</b>			
OkMRF	\$ 103,610	\$ 38,888	\$ 142,498
Police	61,931	-	61,931
Firefighters	57,812	-	57,812
Total	<u>\$ 223,353</u>	<u>\$ 38,888</u>	<u>\$ 262,241</u>
<b>Pension (Benefit) Expense:</b>			
OkMRF	\$ 224,190	\$ 61,235	\$ 285,425
Police	61,797	-	61,797
Firefighters	864,189	-	864,189
Total	<u>\$ 1,150,176</u>	<u>\$ 61,235</u>	<u>\$ 1,211,411</u>

Governmental pension and OPEB liabilities are liquidated by the General Fund.

**Oklahoma Police Pension and Retirement System**

**Plan description** - The City of Nichols Hills, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature,

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grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at [www.ok.gov/OPPRS](http://www.ok.gov/OPPRS)

**Benefits provided** - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later. Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

**Contributions** - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$172,683. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$156,952 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$146,024. These on-behalf payments did not meet the criteria of a special funding situation.

**Net Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2023, the City reported an asset of \$293,865 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information, the City's proportion was 0.366452%.

For the year ended June 30, 2023, the City recognized pension expense of \$61,797. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 144,144	\$ 32,010
Changes of assumptions	10,231	-
Net Difference between projected and actual earnings on plan investments	286,753	-
Changes in Proportion	-	25,909
Contributions during measurement date	1,818	4,012
City benefit payments subsequent to the measurement date	172,683	-
Total	\$ 615,629	\$ 61,931

In the year ending June 30, 2023, \$172,683 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as either a reduction of or an addition to the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 85,162
2025	17,471
2026	(83,723)
2027	347,269
2028	14,836
	\$ 381,015

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.5% to 12% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Cost-of-living adjustments:	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.  Active employees (post-retirement): RP-2000 Blue Collar Healthy Combined

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table with fully generational improvement using scale AA.

Disabled pensioners: Blue Collar Healthy Combined table with age set forward 4 years.

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.34%
Domestic equity	4.69%
International equity	8.34%
Real estate	7.64%
Private Equity	9.66%

The current allocation policy is that approximately 65% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 20% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

**Discount Rate**-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**-The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 851,414	\$ (293,865)	\$ (1,261,907)

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at [www.ok.gov/OPPRS](http://www.ok.gov/OPPRS) .

### **Oklahoma Firefighter's Pension and Retirement System**

**Plan description** - The City of Nichols Hills, as the employer, participates in the Firefighters Pension & retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at [www.ok.gov/fprs](http://www.ok.gov/fprs)

**Benefits provided** - FPRS provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by Oklahoma statute. Retirement provisions are as follows:

Normal Retirement:

- Hired Prior to November 1, 2013  
Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.
  
- Hired After November 1, 2013  
Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. Also participants must be age 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in the line of duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in the line of duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

**Contributions** - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$177,580. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$441,859 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$396,048. These on-behalf payments did not meet the criteria of a special funding situation.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2023, the City reported a liability of \$5,055,799 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City's proportion of



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the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information, the City's proportion was 0.386607%.

For the year ended June 30, 2023, the City recognized pension expense of \$864,189. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 649,028	\$ 25,523
Changes of assumptions	-	32,235
Net Difference between projected and actual earnings on plan investments	587,538	-
Changes in Proportion	231,007	-
Contributions during measurement date	17,300	54
City benefit payments subsequent to the measurement date	177,580	-
Total	\$ 1,662,453	\$ 57,812

In the year ending June 30, 2023, \$177,580 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 453,152
2025	328,238
2026	98,899
2027	546,772
2028	-
	\$ 1,427,061

**Actuarial Assumptions**- The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.5% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the Pub-2010 Public Safety Table, with adjustments for generational mortality improvement using scale MP-2018 for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in

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which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	3.62%
Domestic equity	47%	5.66%
International equity	15%	8.34%
Real estate	10%	7.64%
Other assets	8%	5.08%

**Discount Rate**- The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**-The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability	\$ 6,514,777	\$ 5,055,799	\$ 3,835,421

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS which can be located at [www.ok.gov/FPRS](http://www.ok.gov/FPRS) .

## Oklahoma Municipal Retirement Fund

### A. Plan Description

The City contributes to the OkMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: [www.okmrf.org/reports.html](http://www.okmrf.org/reports.html). Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

### B. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published

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market prices. Detailed information about the OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

*Eligibility Factors and Benefit Provisions*

<u>Provision</u>	<u>As of 07/01/22</u> <u>OkMRF Plan</u>
a. Eligible to participate	Full-time employees except police, firefighters and other employees who are covered under an approved system.
b. Period Required to Vest	7 years of credited service
c. Eligibility for Distribution	-Normal retirement at age 65 with 7 years of service -Early retirement at age 55 with 80 points and 7 years of service -Disability retirement upon disability with 7 years of service -Death benefit with 7 years of service for married employees
d. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
e. Benefit Determination Methods:	
Normal Retirement	-2.25% of final average salary multiplied by credited years of service
Early Retirement	-Actuarially reduced benefit based upon age, final average salary, and years of service at termination
Disability Retirement	-Same as normal retirement
Death Benefit	-50% of employees accrued benefit, but terminates upon spouse re-marriage
Prior to 7 Years Service	-No benefits
f. Benefit Authorization	-Benefits are established and amended by City Council adoption of an ordinance in accordance with O.S. Title, 11, Section 48-101-102
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, option form based on actuarial equivalent.

**C. Employees Covered by Benefit Terms**

Active Employees	40
Deferred Vested Former Employees	3
Retirees or Retiree Beneficiaries	<u>21</u>
Total	<u>64</u>

**D. Contribution Requirements**

The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 3.29% of

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covered payroll as of July 1, 2022; however, management elected to contribute 8.0% of covered payroll as of July 1, 2022. The City recognized \$243,651 of employer contributions to the plan which exceeds the actuarially determined amount based on covered payroll of \$3,045,644. Employees' contribution is 11% of covered payroll as of July 1, 2022.

*E. Actuarial Assumptions*

Date of Last Actuarial Valuation	July 1, 2022
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.50%
c. Projected Salary Increase	Varies between 7.5% and 4.5% based on age
d. Post Retirement cost-of-Living Increase	Benefits (attributable to service prior to 1/1/2010) in payment status are adjusted each July 1st based on the percentage change in the CPI. The maximum increase or decrease in any year is 2.75%.
e. Inflation Rate	2.7%
f. Mortality Table	PubG-2010, with projected mortality improvement
g. Percent of married employees	100%
h. Spouse age difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are Added during the first 5 years: Year 1: 225 Year 2: 140 Year 3: 100 Year 4: 70 Year 5: 40
j. Date of last experience study	September 2012 for fiscal years 2007 thru 2011

*F. Discount Rate* – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.50% since the plan's net fiduciary position is projected to be sufficient to make projected benefit payments.

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%).

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Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2022 are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
Large cap stocks S&P 500	25%	5.80%	1.45%
Small/mid cap stocks Russell 2500	10%	6.40%	0.64%
Long/short equity MSCI ACWI	10%	5.00%	0.50%
International stocks MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate NCREIF	5%	4.60%	0.23%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
<b>TOTAL</b>	<b>100%</b>		
Average Real Return			4.75%
Inflation			2.75%
Long-term expected return			7.50%

G. *Changes in Net Pension Liability (Asset)* – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2022 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2022 and the City's report ending date of June 30, 2023, that would have had a significant impact on the net pension liability (asset). The following table reports the components of changes in net pension liability (asset):

	SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balances Beginning of Year</b>	\$ 10,831,698	\$ 13,875,218	\$ (3,043,520)
<b>Changes for the Year:</b>			
Service cost	478,712	-	478,712
Interest expense	771,678	-	771,678
Benefit changes	(7,232)	-	(7,232)
Difference between expected and actual experience	40,402	-	40,402
Changes of assumptions	640,305	-	640,305
Contributions--City	-	210,550	(210,550)
Contributions--members	-	289,506	(289,506)
Net investment income	-	(1,692,472)	1,692,472
Benefits paid	(1,105,292)	(1,105,292)	-
Benefit changes due to plan amendments	-	-	-
Plan administrative expenses	-	(23,597)	23,597
<b>Net Changes</b>	<b>818,573</b>	<b>(2,321,305)</b>	<b>3,139,878</b>
<b>Balances End of Year</b>	<b>\$ 11,650,271</b>	<b>\$ 11,553,913</b>	<b>\$ 96,358</b>

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*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability (Asset)	\$ 1,210,639	\$ 96,358	\$ (845,224)

The City reported \$285,425 in pension expense for the year ended June 30, 2023. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,819	\$ 129,247
Changes of assumptions	475,039	-
Net difference between projected and actual earnings on pension plan investments	997,025	-
Changes in proportion and differences between City contributions and proportionate share of contributions	11,022	11,022
City contributions during measurement date	2,238	2,229
City contributions subsequent to the measurement date	228,332	-
Total	\$ 1,749,475	\$ 142,498

*Amortization of Pension Deferrals:* In the year ending June 30, 2023, \$228,332 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 318,265
2025	315,892
2026	202,497
2027	541,991
	\$ 1,378,645

**H. Related Party Investments**

As of June 30, 2023, the Systems held no related-party investments of the City or of its related entities.

**City of Nichols Hills Other Postemployment Benefits Plan**

**Plan description** – The City's defined benefit OPEB plan provides OPEB to eligible retirees and their dependents. The City Council has the authority to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**Benefits provided** – The City provides medical and prescription drug benefits to eligible retirees and their dependents. The benefits are provided in accordance with State law, police and firefighter's union contracts and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The retirees and dependents pay 110% of the active employee coverage rates; this results in the retirees and beneficiaries receiving an implicit rate subsidy. Retirees and dependents coverage ceases at age 65 and are no longer eligible for the City's OPEB plan.

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**Employees covered by benefit terms** - At June 30, 2023 the following employees were covered by the benefit terms:

Active Employees	70
Inactives or beneficiaries currently receiving benefit payments	<u>4</u>
Total	<u>74</u>

**Total OPEB Liability** – The City’s total OPEB liability of \$943,954 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions- The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2022, using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 4.09%, based on June 30, 2022 published Bond Pay Go-20 bond index
- Termination – Civilian employees are based on actual experience of the Oklahoma Municipal Retirement Fund. Rates for police and firefighters are based on rates for these groups in Oklahoma.
- Retirement Age:

*Civilian  
Retirement*

<u>Age</u>	<u>Rate</u>
55	7%
56	7%
57	7%
58	7%
59	7%
60	7%
61	7%
62	20%
63	20%
64	20%
65 - 69	30%
70	100%

<u>Years of Service</u>	<u>Retirement Rate</u>	
	<u>Police</u>	<u>Fire</u>
20	20%	11%
21	6%	6%
22	6%	6%
23	6%	6%
24	10%	11%
25	20%	17%
26	10%	17%
27	10%	17%
28	10%	17%
29	15%	17%
30	100%	24%
31	100%	24%
32	100%	24%
33	100%	24%
34	100%	29%
35	100%	100%

**CITY OF NICHOLS HILLS, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

- Participation – 25% of currently covered civilian employees are assumed to elect retiree medical coverage and 50% for police and firefighters. Dependents are assumed acceptance rate is 67%
- Healthcare cost trend rates - Plan year dependent rates graded from 3.94% to 5.94%
- Mortality Rates - Pub2010 Gen or Public Safety Mortality Table with cohort mortality projection

**Changes in Total OPEB Liability** –The following table reports the components of changes in total OPEB liability:

	Total OPEB Liability (a)
<b>Balances Beginning of Year</b>	<b>\$ 984,756</b>
<b>Changes for the Year:</b>	
Service cost	75,608
Interest expense	25,785
Difference between expected and actual experience (amortized over avg remain svc period of actives & inactives)	105,557
Changes of assumptions	(212,101)
Benefits paid	(40,599)
Other changes	4,948
<b>Net Changes</b>	<b>(40,802)</b>
<b>Balances End of Year</b>	<b>\$ 943,954</b>

Changes of assumptions reflects a change in discount rate from 2.21 percent to 4.09 percent and a change from the RP-2000 to the Pub-2010 mortality tables.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**-The following presents the total OPEB liability of the employer calculated using the discount rate of 4.09%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage-point higher (5.09) than the current rate:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Employers' total opeb liability	\$ 1,058,176	\$ 943,954	\$ 843,347

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate**-The following presents the total OPEB liability of the employer calculated using the healthcare cost trend rate of 5.94% grading to 3.94%, as well as what the Plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (4.94% grading to 2.94%) or 1-percentage-point higher (6.94% grading to 4.94%) than the current rate:

	1% Decrease (4.94% grading to 2.94%)	Healthcare Cost Trend Rates (5.94% grading to 3.94%)	1% Increase (6.94% grading to 4.94%)
Employers' net opeb liability	\$ 829,666	\$ 943,954	\$ 1,079,778



**CITY OF NICHOLS HILLS, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the City recognized OPEB expense of \$101,501. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 130,722	\$ 61,298
Changes of assumptions	194,071	357,237
Changes in proportion and differences between City contributions and proportionate share of contributions	10,414	10,121
City contributions during measurement date	147	20,871
Benefit payments subsequent to the measurement date	30,363	-
<b>Total</b>	<b>\$ 365,717</b>	<b>\$ 449,527</b>

The \$30,363 reported as deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2024	\$ (19,984)
2025	(19,984)
2026	(14,663)
2027	(6,644)
2028	4,381
Thereafter	(57,279)
<b>Total</b>	<b>\$ (114,173)</b>

**4.B. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of asset; errors and omissions; injuries to employees; employees health and life; and natural disasters. The City manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
a. Torts, errors and omissions, asset loss and natural disasters	Purchased commercial insurance	None
b. Worker's Compensation - Employee injuries	Participates in Oklahoma Municipal Assurance Group (OMAG) risk entity pool. Participant fee includes an actuarially determined amount held by OMAG as the loss reserve fund, to pay claims incurred. Claims are administered by CompSource.	(1)  Specific aggregate stop loss coverage is provided by the State Insurance Fund and covers all claims above the loss reserve fund.
c. Health and Life: - Medical	Self-insured with City paying a portion of premiums. Administered by Assured Benefits Administrators on the United Healthcare Network	Claims after \$75,000 per individual covered by stop loss insurance.



CITY OF NICHOLS HILLS, OKLAHOMA  
**BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) -  
GENERAL FUND**  
Required Supplementary Information  
For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$4,159,491	\$4,372,841	\$5,348,177	\$975,336
<b>Resources (Inflows):</b>				
Taxes:				
Sales and use tax	6,068,631	6,440,631	6,639,243	198,612
Cigarette tax	41,153	41,153	38,132	(3,021)
Franchise tax	330,658	330,658	393,375	62,717
<b>Total Taxes</b>	<u>6,440,442</u>	<u>6,812,442</u>	<u>7,070,750</u>	<u>258,308</u>
Intergovernmental:				
Alcoholic beverage tax	10,072	10,072	10,384	312
Grant revenue	343,896	493,896	512,790	18,894
<b>Total Intergovernmental</b>	<u>353,968</u>	<u>503,968</u>	<u>523,174</u>	<u>19,206</u>
Charges for services:				
Garbage charges	1,007,997	1,007,997	1,076,870	68,873
Ambulance charges	59,276	59,276	61,742	2,466
<b>Total Charges for Services</b>	<u>1,067,273</u>	<u>1,067,273</u>	<u>1,138,612</u>	<u>71,339</u>
Fines and Forfeitures	114,391	114,391	118,799	4,408
Licenses and Permits:				
Building permits	117,060	117,060	106,361	(10,699)
Plumbing permits	46,584	46,584	33,690	(12,894)
Plumbing licenses	22,578	22,578	27,100	4,522
Animal licenses	557	557	305	(252)
Electrical licenses	11,622	11,622	12,975	1,353
Electrical permits	38,431	38,431	28,125	(10,306)
General contractor registration	20,900	20,900	22,800	1,900
Miscellaneous	21,101	21,103	54,135	33,032
<b>Total Licenses and Permits</b>	<u>278,833</u>	<u>278,835</u>	<u>285,491</u>	<u>6,656</u>
Investment Income	11,931	11,931	178,633	166,702
Miscellaneous:				
Lease revenue	290,370	290,370	265,345	(25,025)
Other	122,462	122,462	171,915	49,453
<b>Total Miscellaneous</b>	<u>412,832</u>	<u>412,832</u>	<u>437,260</u>	<u>24,428</u>
Other Financing Sources:				
Transfers from other funds	2,388,851	2,388,851	2,388,851	-
<b>Total Other Financing Sources</b>	<u>2,388,851</u>	<u>2,388,851</u>	<u>2,388,851</u>	<u>-</u>
<b>Total Resources (Inflows)</b>	<u>11,068,521</u>	<u>11,590,523</u>	<u>12,141,570</u>	<u>551,047</u>
<b>Amounts available for appropriation</b>	<u>15,228,012</u>	<u>15,963,364</u>	<u>17,489,747</u>	<u>1,526,383</u>

(Continued)

CITY OF NICHOLS HILLS, OKLAHOMA  
**BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) -  
GENERAL FUND**  
**Required Supplementary Information**  
**For the year ended June 30, 2023**

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Charges to Appropriations (Outflows):</b>				
<b>GENERAL GOVERNMENT:</b>				
Council	785	785	782	3
Manager/Clerk	696,455	791,705	787,722	3,983
Treasurer	1,307	1,307	1,304	3
Attorney	200,000	297,000	295,423	1,577
Engineer	90,000	280,000	257,119	22,881
Building and Code Division	406,571	433,274	414,207	19,067
Safety/Risk	199,198	230,445	217,590	12,855
General Government	1,826,079	1,966,078	1,932,588	33,490
Information Systems	473,918	494,077	478,302	15,775
<b>TOTAL GENERAL GOVERNMENT</b>	<u>3,894,313</u>	<u>4,494,671</u>	<u>4,385,037</u>	<u>109,634</u>
<b>PUBLIC SAFETY:</b>				
Court	120,167	123,548	122,646	902
Police	2,927,454	3,014,391	2,887,204	127,187
Fire	2,217,118	2,298,573	2,288,615	9,958
<b>TOTAL PUBLIC SAFETY</b>	<u>5,264,739</u>	<u>5,436,512</u>	<u>5,298,465</u>	<u>138,047</u>
<b>HIGHWAYS AND STREETS</b>	<u>384,328</u>	<u>434,728</u>	<u>427,883</u>	<u>6,845</u>
<b>PUBLIC WORKS:</b>				
Sanitation	994,004	1,040,778	1,018,037	22,741
Public Works	272,970	281,014	264,525	16,489
<b>TOTAL PUBLIC WORKS</b>	<u>1,266,974</u>	<u>1,321,792</u>	<u>1,282,562</u>	<u>39,230</u>
<b>PARKS AND RECREATION</b>	<u>258,167</u>	<u>258,167</u>	<u>230,294</u>	<u>27,873</u>
<b>Total Charges to Appropriations</b>	11,068,521	11,945,870	11,624,241	321,629
<b>Ending Budgetary Fund Balance</b>	<u>\$ 4,159,491</u>	<u>\$ 4,017,494</u>	<u>\$5,865,506</u>	<u>\$1,848,012</u>

See the accompanying footnotes to the budgetary comparison schedules

**CITY OF NICHOLS HILLS, OKLAHOMA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Budget Law

The City has adopted the provisions of the Municipal Budget Act of 1979 (the “Budget Act”). In accordance with the Budget Act, the following process is used to adopt the annual budget:

- a. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1.
- b. Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 15 days prior to July 1.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is adopted by resolution of the City Council.
- d. By July 1, the adopted budget is filed with the Office of State Auditor and Inspector.

Per State law, the legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

All transfers of appropriation between departments and supplemental appropriations require City Council approval. The City Manager may transfer appropriations between object categories within a department without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

The funds that have legally adopted budgets are the General fund, Street & alley, E-911, Debt Service and Capital Improvement funds. The GO Bond fund is not budgeted annually; it is budgeted by project.

Budgetary Accounting

The annual operating budgets are prepared and presented on a non-GAAP budgetary basis of accounting. This basis records revenues when available and measurable and expenditures in the month preceding payment approval by the governing body. The exceptions to this basis are the transactions related to the City’s participation in a worker’s compensation insurance pool, which are recorded at net for budgetary purposes, state pension on-behalf payments, and payable accruals.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>
<b>Sources/Inflows of resources</b>	
Actual amounts (budgetary basis) “total resources” from the budgetary comparison schedule	\$12,141,570
Differences – budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(2,388,851)
State payments made on-behalf of police and fire pension not considered a budgetary resource	598,811
Revenues not considered a budgetary resource	2,833
Other General fund accounts	<u>112,128</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – general fund	<u>\$10,466,491</u>

**CITY OF NICHOLS HILLS, OKLAHOMA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)**

**Uses/Outflows of resources**

Actual amounts (budgetary basis) “total charges to appropriations” from the budgetary comparison schedule	\$11,624,241
Differences – budget to GAAP:	
State payments made on-behalf of police and fire pensions	598,811
Transfers out to funds are outflows flows of budgetary resources but are not expenditures for financial reporting purposes.	(553,205)
Expenses not reported as outflows for budgetary purposes	(95,400)
Other General fund accounts	<u>30,222</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance – general fund	<u>11,604,669</u>

**Required Supplementary Information**  
**Oklahoma Police Pension & Retirement System**

**Schedule of the City of Nichols Hills' Proportionate Share of**  
**Net Pension Liability (Asset)**  
**Last 10 Fiscal Years**

	2015	2016	2017	2018	2019	2020	2021	2022	2023
City's proportion of the net pension liability (asset)	0.2742%	0.2561%	0.2882%	0.3863%	0.3157%	0.3315%	0.3419%	0.3465%	0.3665%
City's proportionate share of the net pension liability (asset)	\$ (92,320)	\$ 10,442	\$ 441,337	\$ 29,715	\$ (150,364)	\$ (21,166)	\$ 392,619	\$ (1,662,201)	\$ (293,865)
City's covered payroll	\$ 766,046	\$ 723,585	\$ 849,569	\$ 909,354	\$ 965,154	\$ 1,083,262	\$ 1,167,062	\$ 1,197,992	\$ 1,263,977
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-12.05%	1.44%	51.95%	3.27%	-15.58%	-1.95%	33.64%	-138.75%	-23.25%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%	102.74%

**Notes to Schedule:**

Only nine years are presented because 10-year data is not yet available.

Required Supplementary Information  
Oklahoma Police Pension & Retirement System

Schedule of the City of Nichols Hills Contributions  
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorially required contribution	\$ 94,066	\$ 110,444	\$ 118,216	\$ 125,470	\$ 140,824	\$ 151,718	\$ 155,739	\$ 164,317	\$ 172,683
Contributions in relation to the statutorially required contribution	94,066	110,444	118,216	125,470	140,824	\$ 151,718	\$ 155,739	\$ 164,317	\$ 172,683
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 723,585	\$ 849,569	\$ 909,354	\$ 965,154	\$ 1,083,262	\$ 1,167,062	\$ 1,197,992	\$ 1,263,977	\$ 1,328,331
Contributions as a percentage of covered payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Notes to Schedule:

Only nine years are presented because 10-year data is not yet available.



Required Supplementary Information  
 Oklahoma Firefighters Pension & Retirement System

Schedule of the City of Nichols Hills' Proportionate Share of  
 Net Pension Liability  
 Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023
City's proportion of the net pension liability	0.335567%	0.323544%	0.309250%	0.313273%	0.334900%	0.357550%	0.372875%	0.376938%	0.386607%
City's proportionate share of the net pension liability	\$ 3,450,800	\$ 3,434,125	\$ 3,778,138	\$ 3,940,104	\$ 3,769,779	\$ 3,778,107	\$ 4,593,502	\$ 2,482,388	\$ 5,055,799
City's covered payroll	\$ 898,150	\$ 895,843	\$ 864,721	\$ 891,379	\$ 996,057	\$ 1,484,886	\$ 1,200,493	\$ 1,225,371	\$ 1,300,207
City's proportionate share of the net pension liability as a percentage of covered payroll	384%	383%	437%	442%	378%	254%	383%	203%	389%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%	69.49%

Notes to Schedule:

Only nine years are presented because 10-year data is not yet available.

**Required Supplementary Information**  
**Oklahoma Firefighters Pension & Retirement System**

**Schedule of the City of Nichols Hills' Contributions**  
**Last 10 Fiscal Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Statutorially required contribution	\$ 125,418	\$ 121,061	\$ 124,793	\$ 139,448	\$ 207,884	\$ 168,069	\$ 171,552	\$ 182,029	\$ 177,580
Contributions in relation to the statutorially required contribution	<u>125,418</u>	<u>121,061</u>	<u>124,793</u>	<u>139,448</u>	<u>207,884</u>	<u>168,069</u>	<u>171,552</u>	<u>182,029</u>	<u>177,580</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 895,843	\$ 864,721	\$ 891,379	\$ 996,057	\$ 1,484,886	\$ 1,200,493	\$ 1,225,371	\$ 1,300,207	\$ 1,268,429
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

**Notes to Schedule:**

Only nine years are presented because 10-year data is not yet available.

Required Supplementary Information  
Oklahoma Municipal Retirement Fund

Schedule of Changes in Net Pension Liability (Asset) and Related Ratio

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total pension liability</b>									
Service cost	\$ 231,823	\$ 230,997	\$ 337,268	\$ 370,729	\$ 333,708	\$ 356,868	\$ 381,474	\$ 389,739	\$ 478,712
Interest	661,978	614,609	632,759	650,266	683,585	703,925	737,321	765,602	771,678
Changes of benefit terms	(625,513)	-	-	77,664	(4,570)	-	-	-	(7,232)
Change in assumptions	-	-	-	-	-	129,279	-	-	640,305
Differences between expected and actual experience	-	(177,555)	(239,662)	169,914	(99,495)	55,014	(67,107)	(241,692)	40,402
Benefit payments, including refunds of member contributions	(817,173)	(471,748)	(394,524)	(618,599)	(467,564)	(822,926)	(775,832)	(569,656)	(1,105,292)
<b>Net change in total pension liability</b>	<u>(548,885)</u>	<u>196,303</u>	<u>335,841</u>	<u>649,974</u>	<u>445,664</u>	<u>422,160</u>	<u>275,856</u>	<u>343,993</u>	<u>818,573</u>
<b>Total pension liability - beginning</b>	<u>8,710,792</u>	<u>8,161,907</u>	<u>8,358,210</u>	<u>8,694,051</u>	<u>9,344,025</u>	<u>9,789,689</u>	<u>10,211,849</u>	<u>10,487,705</u>	<u>10,831,698</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 8,161,907</u>	<u>\$ 8,358,210</u>	<u>\$ 8,694,051</u>	<u>\$ 9,344,025</u>	<u>\$ 9,789,689</u>	<u>\$ 10,211,849</u>	<u>\$ 10,487,705</u>	<u>\$ 10,831,698</u>	<u>\$ 11,650,271</u>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 358,053	\$ 1,443,800	\$ 160,198	\$ 161,647	\$ 168,663	\$ 183,116	\$ 195,261	\$ 202,987	\$ 210,550
Contributions - member	196,536	192,467	220,118	222,265	231,911	251,786	268,485	279,107	289,506
Net investment income	1,102,303	205,006	80,015	1,107,845	730,032	706,560	450,186	3,026,350	(1,692,472)
Benefit payments, including refunds of member contributions	(817,173)	(471,748)	(394,524)	(618,599)	(467,564)	(822,926)	(775,832)	(569,656)	(1,105,292)
Administrative expense	(16,324)	(15,962)	(17,813)	(19,450)	(20,495)	(21,358)	(22,217)	(22,416)	(23,597)
<b>Net change in plan fiduciary net position</b>	<u>823,395</u>	<u>1,353,563</u>	<u>47,994</u>	<u>853,708</u>	<u>642,547</u>	<u>297,178</u>	<u>115,883</u>	<u>2,916,372</u>	<u>(2,321,305)</u>
<b>Plan fiduciary net position - beginning</b>	<u>6,824,578</u>	<u>7,647,973</u>	<u>9,001,536</u>	<u>9,049,530</u>	<u>9,903,238</u>	<u>10,545,785</u>	<u>10,842,963</u>	<u>10,958,846</u>	<u>13,875,218</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 7,647,973</u>	<u>\$ 9,001,536</u>	<u>\$ 9,049,530</u>	<u>\$ 9,903,238</u>	<u>\$ 10,545,785</u>	<u>\$ 10,842,963</u>	<u>\$ 10,958,846</u>	<u>\$ 13,875,218</u>	<u>\$ 11,553,913</u>
<b>Net pension liability (asset)- ending (a) - (b)</b>	<u>\$ 513,934</u>	<u>\$ (643,326)</u>	<u>\$ (355,479)</u>	<u>\$ (559,213)</u>	<u>\$ (756,096)</u>	<u>\$ (631,114)</u>	<u>\$ (471,141)</u>	<u>\$ (3,043,520)</u>	<u>\$ 96,358</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	93.70%	107.70%	104.09%	105.98%	107.72%	106.18%	104.49%	128.10%	99.17%
<b>Covered payroll</b>	\$ 1,766,759	\$ 1,718,775	\$ 2,001,006	\$ 2,020,584	\$ 2,108,285	\$ 2,288,950	\$ 2,441,125	\$ 2,537,335	\$ 2,631,866
<b>Net pension liability (asset) as a percentage of covered payroll</b>	29.09%	-37.43%	-17.77%	-27.68%	-35.86%	-27.57%	-19.30%	-119.95%	3.66%

Notes to Schedule:

Only nine years are presented because 10-year data is not yet available.

**Required Supplementary Information  
Oklahoma Municipal Retirement Fund**

**Schedule of Employer Contributions**

**Last 10 Fiscal Years**

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 242,519	\$ 282,350	\$ 95,978	\$ 102,673	\$ 90,414	\$ 96,424	\$ 169,240	\$ 175,545	\$ 100,202
Contributions in relation to the actuarially determined contribution	1,443,790	160,198	161,647	168,662	183,116	195,290	202,987	210,550	243,651
Contribution deficiency (excess)	<u>\$ (1,201,271)</u>	<u>\$ 122,152</u>	<u>\$ (65,669)</u>	<u>\$ (65,989)</u>	<u>\$ (92,702)</u>	<u>\$ (98,866)</u>	<u>\$ (33,747)</u>	<u>\$ (35,005)</u>	<u>\$ (143,449)</u>
Covered payroll	\$ 1,718,775	\$ 2,001,006	\$ 2,020,584	\$ 2,108,285	\$ 2,288,950	\$ 2,441,125	\$ 2,537,335	\$ 2,631,866	\$ 3,045,644
Contributions as a percentage of covered payroll	84.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

**Notes to Schedule:**

1. Only nine years are presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2022
3. Actuarially determined contribution rate is calculated as of July 1, 2022 for fiscal year 2023  
July 2022 through June 2023 the City elected to make contributions at a rate of 8.0%.
4. Methods and assumptions used to determine contribution rates:
  - Actuarial cost method - Entry age normal
  - Amortization method - Level percent of payroll, closed
  - Remaining amortization period - 30 years
  - Asset valuation method - Actuarial:
    - Smoothing period - 5 years
    - Recognition method - Non-asymptotic
    - Corridor - 70% - 130%
  - Salary increases - 4.50% to 7.50% (varies by attained age)
  - Investment rate of return - 7.50%

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios

Last 10 Fiscal Years

	2018	2019	2020	2021	2022	2023
<b>Total OPEB liability</b>						
Service cost	\$ 56,125	\$ 56,125	\$ 45,553	\$ 43,278	\$ 43,278	\$ 75,608
Interest	20,799	30,479	30,759	26,646	36,690	25,785
Change in assumptions	(65,133)	(38,619)	(8,424)	127,285	-	(212,101)
Differences between expected and actual experience	-	-	(75,875)	31,728	-	105,557
Benefit payments, including refunds of member contribution	(18,626)	(19,617)	(53,422)	(21,022)	(21,158)	(40,599)
Other changes	-	-	-	-	-	4,948
<b>Net change in total OPEB liability</b>	<u>(6,835)</u>	<u>28,368</u>	<u>(61,409)</u>	<u>207,915</u>	<u>58,810</u>	<u>(40,802)</u>
<b>Total OPEB liability - beginning</b>	<u>757,907</u>	<u>751,072</u>	<u>779,440</u>	<u>718,031</u>	<u>925,946</u>	<u>984,756</u>
<b>Total OPEB liability - ending</b>	<u>\$ 751,072</u>	<u>\$ 779,440</u>	<u>\$ 718,031</u>	<u>\$ 925,946</u>	<u>\$ 984,756</u>	<u>\$ 943,954</u>
<b>Covered-employee payroll</b>	\$ 3,860,000	\$ 3,958,168	\$ 4,481,000	\$ 4,781,000	\$ 4,781,000	\$ 5,230,000
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	19.46%	19.69%	16.02%	19.37%	20.60%	18.04%

Notes to Schedule:

Only six years are presented because 10-year data is not yet available.

The change in assumption is a result of a decrease in the discount rate from 2.21% to 4.09%

No assets accumulated in a trust that meets the criteria to pay related benefits for the OPEB plan.

City of Nichols Hills  
Combining Balance Sheet Accounts  
General Fund Accounts  
June 30, 2023

	General Fund	Designated Accounts Account	Designated Funds Public Works Account	Drainage Impact Fees	Impound Fee Police Account	Water Impact Fees Account	Sewer Impact Fee Account	Total General Fund
<b>ASSETS</b>								
Cash and cash equivalents	\$ 2,522,437	\$ 50,825	\$ 2,261	\$ 213,584	\$ 34,343	\$ 141,316	\$ 95,253	\$ 3,060,019
Restricted cash and cash equivalents	1,955	-	-	-	-	-	-	1,955
Investments	2,850,000	-	-	-	-	-	-	2,850,000
Deposits with insurance pool	37,228	-	-	-	-	-	-	37,228
Receivables:								
Accrued interest receivable	23,155	-	-	-	-	-	-	23,155
Due from other funds	86,070	-	-	-	-	-	-	86,070
Due from other governments	813,906	-	-	-	-	-	-	813,906
Franchise tax receivable	50,867	-	-	-	-	-	-	50,867
Court fines receivable, net	162,893	-	-	-	-	-	-	162,893
Leases	694,888	-	-	-	-	-	-	694,888
Other	5,274	-	-	7,076	-	-	-	12,350
Total assets	<u>\$ 7,248,673</u>	<u>\$ 50,825</u>	<u>2,261</u>	<u>220,660</u>	<u>34,343</u>	<u>141,316</u>	<u>95,253</u>	<u>\$ 7,793,331</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 407,042	\$ -	-	-	-	-	-	\$ 407,042
Due to other governments	1,428	-	-	-	-	-	-	1,428
Deposit liabilities	1,955	-	-	-	-	-	-	1,955
Retainage payable	8,855	-	-	-	-	-	-	8,855
Total liabilities	<u>419,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>419,280</u>
Deferred inflows of resources:								
Leases	694,888	-	-	-	-	-	-	694,888
Unavailable revenue	170,766	-	-	-	-	-	-	170,766
Total deferred inflows	<u>865,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>865,654</u>
Fund balances:								
Restricted for:								
Donations	-	50,825	2,261	-	-	-	-	53,086
Insurance premiums	37,228	-	-	-	-	-	-	37,228
Committed for:								
Capital projects	-	-	-	220,660	34,343	141,316	95,253	491,572
Assigned for:								
Economic development	500,000	-	-	-	-	-	-	500,000
Capital projects	1,930,267	-	-	-	-	-	-	1,930,267
Parks	25,000	-	-	-	-	-	-	25,000
Unassigned	3,471,244	-	-	-	-	-	-	3,471,244
Total fund balances	<u>5,963,739</u>	<u>50,825</u>	<u>2,261</u>	<u>220,660</u>	<u>34,343</u>	<u>141,316</u>	<u>95,253</u>	<u>6,508,397</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,248,673</u>	<u>\$ 50,825</u>	<u>\$ 2,261</u>	<u>\$ 220,660</u>	<u>\$ 34,343</u>	<u>\$ 141,316</u>	<u>\$ 95,253</u>	<u>\$ 7,793,331</u>

**City of Nichols Hills**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**General Fund Accounts**  
**For the Year Ended June 30, 2023**

	<u>General Fund</u>	<u>Designated Accounts Account</u>	<u>Designated Funds Public Works Account</u>	<u>Drainage Impact Fees</u>	<u>Impound Fee Police Account</u>	<u>Water Impact Fees Account</u>	<u>Sewer Impact Fee Account</u>	<u>Total General Fund</u>
<b>REVENUES</b>								
Taxes	\$ 7,070,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,070,650
Fees and fines	116,035	-	-	-	4,800	-	-	120,835
Licenses and permits	285,491	-	-	-	-	-	-	285,491
Intergovernmental	1,121,904	-	-	-	-	-	-	1,121,904
Charges for services	1,139,097	-	-	65,407	-	9,520	8,289	1,222,313
Investment earnings	188,305	2,895	92	7,860	1,363	5,746	3,836	210,097
Miscellaneous	432,881	2,120	200	-	-	-	-	435,201
Total revenues	<u>10,354,363</u>	<u>5,015</u>	<u>292</u>	<u>73,267</u>	<u>6,163</u>	<u>15,266</u>	<u>12,125</u>	<u>10,466,491</u>
<b>EXPENDITURES</b>								
Current:								
General government	2,984,672	1,803	-	-	-	-	-	2,986,475
Public safety	5,631,059	28,419	-	-	-	-	-	5,659,478
Highways and roads	376,860	-	-	-	-	-	-	376,860
Public works	1,185,481	-	-	-	-	-	-	1,185,481
Culture and recreation	218,628	-	-	-	-	-	-	218,628
Capital Outlay	1,177,747	-	-	-	-	-	-	1,177,747
Total Expenditures	<u>11,574,447</u>	<u>30,222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,604,669</u>
Excess (deficiency) of revenues over expenditures	<u>(1,220,084)</u>	<u>(25,207)</u>	<u>292</u>	<u>73,267</u>	<u>6,163</u>	<u>15,266</u>	<u>12,125</u>	<u>(1,138,178)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	2,388,851	-	-	-	-	-	-	2,388,851
Transfers out	(553,205)	-	-	-	-	-	-	(553,205)
Total other financing sources and uses	<u>1,835,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,835,646</u>
<b>FUND BALANCE</b>								
Net change in fund balances	615,562	(25,207)	292	73,267	6,163	15,266	12,125	697,468
Fund balances - beginning	5,348,177	76,032	1,969	147,393	28,180	126,050	83,128	5,810,929
Fund balances - ending	<u>\$ 5,963,739</u>	<u>\$ 50,825</u>	<u>\$ 2,261</u>	<u>\$ 220,660</u>	<u>\$ 34,343</u>	<u>\$ 141,316</u>	<u>\$ 95,253</u>	<u>\$ 6,508,397</u>

**City of Nichols Hills  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023**

	<u>Street and Alley Fund</u>	<u>E-911 Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 241,131	\$ 70,807	\$ 311,938
Due from other governments	1,608	-	1,608
Other receivables	-	729	729
Total assets	<u>\$ 242,739</u>	<u>\$ 71,536</u>	<u>\$ 314,275</u>
<b>FUND BALANCES</b>			
Fund balances:			
Restricted for:			
Streets	226,116	-	226,116
Public safety	-	68,041	68,041
Assigned for:			
Streets	16,623	-	16,623
E-911	-	3,495	3,495
Total fund balances	<u>242,739</u>	<u>71,536</u>	<u>314,275</u>
Total liabilities and fund balances	<u>\$ 242,739</u>	<u>\$ 71,536</u>	<u>\$ 314,275</u>



**City of Nichols Hills**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2023**

	<u>Street and Alley Fund</u>	<u>E-911 Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>			
Taxes	\$ -	\$ 8,903	\$ 8,903
Intergovernmental	34,801	-	34,801
Investment earnings	9,457	2,803	12,260
Total revenues	<u>44,258</u>	<u>11,706</u>	<u>55,964</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	-	-	-
Highways and roads	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>44,258</u>	<u>11,706</u>	<u>55,964</u>
Net change in fund balances	44,258	11,706	55,964
Fund balances - beginning	198,481	59,830	258,311
Fund balances - ending	<u>\$ 242,739</u>	<u>\$ 71,536</u>	<u>\$ 314,275</u>

CITY OF NICHOLS HILLS, OKLAHOMA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the fiscal year ended June 30, 2023

	SPECIAL REVENUE - STREET & ALLEY FUND				SPECIAL REVENUE - E-911 FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	-	-		-	\$ 8,000	\$ 8,000	\$ 8,903	\$ 903
Intergovernmental	\$ 35,757	\$ 35,757	\$ 34,928	\$ (829)	-	-	-	-
Investment income	427	427	9,456	9,029	100	100	2,803	2,703
Total Revenues	<u>36,184</u>	<u>36,184</u>	<u>44,384</u>	<u>8,200</u>	<u>8,100</u>	<u>8,100</u>	<u>11,706</u>	<u>3,606</u>
Expenditures:								
Current:								
Public safety	-	-	-	-	65,616	65,616	-	65,616
Highways and streets	232,702	232,702	-	232,702	-	-	-	-
Total Expenditures	<u>232,702</u>	<u>232,702</u>	<u>-</u>	<u>232,702</u>	<u>65,616</u>	<u>65,616</u>	<u>-</u>	<u>65,616</u>
Excess (deficiency) of revenues over expenditures	<u>(196,518)</u>	<u>(196,518)</u>	<u>44,384</u>	<u>240,902</u>	<u>(57,516)</u>	<u>(57,516)</u>	<u>11,706</u>	<u>69,222</u>
Net change in fund balances	(196,518)	(196,518)	44,384	240,902	(57,516)	(57,516)	11,706	69,222
Fund Balance - beginning of year	196,518	196,518	198,481	1,963	57,516	57,516	59,830	2,314
Fund Balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,865</u>	<u>\$ 242,865</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,536</u>	<u>\$ 71,536</u>

CITY OF NICHOLS HILLS, OKLAHOMA  
 BUDGETARY COMPARISON SCHEDULE  
 MAJOR GOVERNMENTAL FUNDS  
 For the fiscal year ended June 30, 2023

	DEBT SERVICE				CAPITAL PROJECT - CAPITAL IMPROVEMENT			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Beginning Budgetary Fund Balance	-	-	\$ 1,027,843	\$ 1,027,843	\$ 2,779,289	\$ 2,779,289	\$ 2,812,299	\$ 33,010
Resources (Inflows):								
Taxes	\$ 5,252,575	\$ 5,252,575	4,540,704	(711,871)	-	-	-	-
Intergovernmental	-	-	-	-	266,121	266,121	-	(266,121)
Investment income	8,000	8,000	113,920	105,920	-	-	45,332	45,332
Miscellaneous income	-	-	-	-	-	-	87,239	87,239
Transfer in	-	-	-	-	553,205	553,205	553,205	-
Amounts available for appropriation	<u>5,260,575</u>	<u>5,260,575</u>	<u>5,682,467</u>	<u>421,892</u>	<u>3,598,615</u>	<u>3,598,615</u>	<u>3,498,075</u>	<u>(100,540)</u>
Charges to appropriations (outflows):								
General government	500	750	2,895	(2,145)	-	-	-	-
Capital outlay	-	-	-	-	3,598,615	3,598,615	742,080	2,856,535
Debt service	<u>5,260,075</u>	<u>5,285,075</u>	<u>5,280,825</u>	<u>4,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u>5,260,575</u>	<u>5,285,825</u>	<u>5,283,720</u>	<u>2,105</u>	<u>3,598,615</u>	<u>3,598,615</u>	<u>742,080</u>	<u>2,856,535</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ (25,250)</u>	<u>\$ 398,747</u>	<u>\$ 423,997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,755,995</u>	<u>\$ 2,755,995</u>

**CITY OF NICHOLS HILLS, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS  
For the fiscal year ended June 30, 2023**

(Continued)

**CAPITAL PROJECT - PARK FUND**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	1,000,000	1,000,000	1,047,245	47,245
Resources (Inflows):				
Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Investment income	1,200	1,200	\$ 23,798	22,598
Miscellaneous income	-	\$ -	-	-
Transfer in	-	-	-	-
Amounts available for appropriation	<u>1,001,200</u>	<u>1,001,200</u>	<u>1,071,043</u>	<u>69,843</u>
Charges to appropriations (outflows):				
General government	45,000	45,000	41,365	3,635
Capital outlay	956,200	956,200	676,096	280,104
Debt service	-	-	-	-
Total Charges to Appropriations	<u>1,001,200</u>	<u>1,001,200</u>	<u>717,461</u>	<u>283,739</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353,582</u>	<u>353,582</u>

**City of Nichols Hills  
Combining Schedule of Net Position  
Enterprise Fund Accounts  
June 30, 2023**

	<b>Nichols Hills Municipal Authority</b>	<b>Nichols Hills Municipal Authority CIF Account</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,025,672	\$ 509,482	\$ 1,535,154
Investments	1,550,000	1,090,064	2,640,064
Accounts receivable, net	633,183	-	633,183
Accrued interest receivable	39,161	10,151	49,312
Total current assets	<u>3,248,016</u>	<u>1,609,697</u>	<u>4,857,713</u>
Non-current assets:			
Restricted cash and cash equivalents	27,760	-	27,760
Capital Assets:			
Non-depreciable assets	2,025,173	-	2,025,173
Other capital assets, net of depreciation	16,651,984	-	16,651,984
Total non-current assets	<u>18,704,917</u>	<u>-</u>	<u>18,704,917</u>
Total assets	<u>21,952,933</u>	<u>1,609,697</u>	<u>23,562,630</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred amounts related to OPEB	43,637	-	43,637
Deferred amounts related to pensions	374,590	-	374,590
Total deferred outflows of resources	<u>418,227</u>	<u>-</u>	<u>418,227</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	148,125	241,987	390,112
Due to other funds	86,070	-	86,070
Compensated absences, current portion	5,383	-	5,383
Claims and judgments	-	-	-
Notes payable, current portion	899	-	899
Total current liabilities	<u>240,477</u>	<u>241,987</u>	<u>482,464</u>
Non-current liabilities:			
Compensated absences	48,447	-	48,447
Net pension liability	20,673	-	20,673
Meter deposit liability	27,760	-	27,760
Note payable	14,404	-	14,404
Total OPEB liability	98,791	-	98,791
Total non-current liabilities	<u>210,075</u>	<u>-</u>	<u>210,075</u>
Total liabilities	<u>450,552</u>	<u>241,987</u>	<u>692,539</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred amounts related to OPEB	50,180	-	50,180
Deferred amounts related to pensions	38,888	-	38,888
Total deferred inflows of resources	<u>89,068</u>	<u>-</u>	<u>89,068</u>
<b>NET POSITION</b>			
Net investment in capital assets	18,419,867	-	18,419,867
Unrestricted	3,411,673	1,367,710	4,779,383
Total net position	<u>\$ 21,831,540</u>	<u>\$ 1,367,710</u>	<u>\$ 23,199,250</u>

**City of Nichols Hills**  
**Combining Schedule of Revenues, Expenses and Changes in Fund Net Position**  
**Enterprise Fund Accounts**  
**For the Year Ended June 30, 2023**

	<b>Nichols Hills Municipal Authority</b>	<b>Nichols Hills Municipal Authority CIF Account</b>	<b>Total</b>
<b>REVENUES</b>			
Charges for Service:			
Water charges	\$ 3,684,638	\$ -	\$ 3,684,638
Wastewater charges	1,463,653	-	1,463,653
Water taps	29,855	-	29,855
Penalties	18,209	-	18,209
Miscellaneous revenue	16,598	7,080	23,678
Total operating revenues	<u>5,212,953</u>	<u>7,080</u>	<u>5,220,033</u>
<b>OPERATING EXPENSES</b>			
Administrative	872,741	-	872,741
Water and wastewater operations	1,350,227	5,650	1,355,877
Depreciation expense	1,755,219	-	1,755,219
Total operating expenses	<u>3,978,187</u>	<u>5,650</u>	<u>3,983,837</u>
Operating income	<u>1,234,766</u>	<u>1,430</u>	<u>1,236,196</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenue	120,777	65,430	186,207
Interest expense	(1,083)	-	(1,083)
Total non-operating revenues (expense)	<u>119,694</u>	<u>65,430</u>	<u>185,124</u>
Income before contributions and transfers	<u>1,354,460</u>	<u>66,860</u>	<u>1,421,320</u>
Capital contributions	2,035,110	-	2,035,110
Transfers in	723,068	76,836	799,904
Transfers out	(2,465,687)	(723,068)	(3,188,755)
Change in net position	<u>1,646,951</u>	<u>(579,372)</u>	<u>1,067,579</u>
Total net position- beginning	<u>20,184,589</u>	<u>1,947,082</u>	<u>22,131,671</u>
Total net position - ending	<u>\$ 21,831,540</u>	<u>\$ 1,367,710</u>	<u>\$ 23,199,250</u>

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**CITY OF NICHOLS HILLS, OKLAHOMA**  
**NET ASSETS/NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**TABLE 1**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental activities										
Net investment in capital assets	\$ 2,883,731	\$ 3,138,855	\$ 2,039,744	\$ 3,955,351	\$ 4,805,952	\$ 5,976,388	\$ 6,116,023	\$ 5,754,593	\$ 7,816,642	\$ 9,807,498
Restricted	1,038,504	953,407	1,146,121	1,355,422	1,158,521	1,506,372	1,973,241	2,314,947	2,433,174	1,077,083
Unrestricted	1,429,996	(2,225,118)	(1,880,281)	(1,264,576)	(464,112)	1,149,920	1,174,651	1,724,579	5,839,411	7,307,832
Total governmental activities net position	<u>\$ 5,352,231</u>	<u>\$ 1,867,144</u>	<u>\$ 1,305,584</u>	<u>\$ 4,046,197</u>	<u>\$ 5,500,361</u>	<u>\$ 8,632,680</u>	<u>\$ 9,263,915</u>	<u>\$ 9,794,119</u>	<u>\$ 16,089,227</u>	<u>\$ 18,192,413</u>
Business-type activities										
Net investment in capital assets	\$ 18,058,754	\$ 18,961,631	\$ 21,577,476	\$ 20,377,268	\$ 19,222,957	\$ 18,687,637	\$ 18,793,595	\$ 17,975,559	\$ 17,640,226	\$ 18,419,867
Unrestricted	2,559,212	1,875,438	2,323,000	2,723,150	3,503,366	3,337,077	3,790,742	3,822,019	4,496,669	4,785,549
Total business-type activities net position	<u>\$ 20,617,966</u>	<u>\$ 20,837,069</u>	<u>\$ 23,900,476</u>	<u>\$ 23,100,418</u>	<u>\$ 22,726,323</u>	<u>\$ 22,024,714</u>	<u>\$ 22,584,337</u>	<u>\$ 21,797,578</u>	<u>\$ 22,136,895</u>	<u>\$ 23,205,416</u>
Primary government										
Net investment in capital assets	\$ 20,942,485	\$ 22,100,486	\$ 23,617,220	\$ 24,332,619	\$ 24,028,909	\$ 24,664,025	\$ 24,909,618	\$ 23,730,152	\$ 25,456,868	\$ 28,227,365
Restricted	1,038,504	953,407	1,146,121	1,355,422	1,158,521	1,506,372	1,973,241	2,314,947	2,433,174	1,077,083
Unrestricted	3,989,208	(349,680)	442,719	1,458,574	3,039,254	4,486,997	4,965,393	5,546,598	10,336,080	12,093,381
Total primary government net position	<u>\$ 25,970,197</u>	<u>\$ 22,704,213</u>	<u>\$ 25,206,060</u>	<u>\$ 27,146,615</u>	<u>\$ 28,226,684</u>	<u>\$ 30,657,394</u>	<u>\$ 31,848,252</u>	<u>\$ 31,591,697</u>	<u>\$ 38,226,122</u>	<u>\$ 41,397,829</u>

CITY OF NICHOLS HILLS, OKLAHOMA  
 CHANGES IN NET ASSETS/POSITION  
 Last Ten Fiscal Years  
**TABLE 2**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Expenses</b>										
Government activities:										
General government	\$ 1,670,579	\$ 1,299,408	\$ 2,290,054	\$ 2,307,051	\$ 2,495,458	\$ 2,429,658	\$ 2,609,785	\$ 2,833,696	\$ 2,841,304	\$ 3,695,144
Public safety	3,879,299	3,500,180	3,519,911	3,685,815	3,997,551	3,901,353	5,309,204	6,511,943	5,157,852	6,724,195
Highways and streets	1,262,972	749,946	762,751	1,022,354	1,170,398	1,249,721	1,281,820	2,403,820	1,528,390	1,628,008
Culture and recreation	170,469	191,791	193,210	219,959	233,077	372,777	430,254	440,212	431,599	401,339
Public works	1,149,352	1,044,334	1,066,659	1,200,553	1,205,996	1,242,046	1,489,116	1,754,432	1,415,611	1,637,914
Interest on long-term debt	<u>492,500</u>	<u>870,590</u>	<u>572,961</u>	<u>703,856</u>	<u>675,392</u>	<u>677,014</u>	<u>747,782</u>	<u>978,791</u>	<u>808,576</u>	<u>792,112</u>
Total governmental activities expenses	<u>8,625,171</u>	<u>7,656,249</u>	<u>8,405,546</u>	<u>9,139,588</u>	<u>9,777,872</u>	<u>9,872,569</u>	<u>11,867,961</u>	<u>14,922,894</u>	<u>12,183,332</u>	<u>14,878,712</u>
Business-type activities:										
Water	1,997,610	1,911,554	2,149,829	2,600,051	2,858,698	2,449,800	2,652,736	2,697,650	2,674,392	3,098,691
Wastewater	<u>748,831</u>	<u>697,992</u>	<u>728,531</u>	<u>912,251</u>	<u>933,709</u>	<u>1,017,587</u>	<u>1,092,270</u>	<u>1,175,985</u>	<u>1,150,459</u>	<u>1,138,250</u>
Total business-type activities expenses	<u>2,746,441</u>	<u>2,609,546</u>	<u>2,878,360</u>	<u>3,512,302</u>	<u>3,792,407</u>	<u>3,467,387</u>	<u>3,745,006</u>	<u>3,873,635</u>	<u>3,824,851</u>	<u>4,236,941</u>
Total primary government expenses	<u>\$ 11,371,612</u>	<u>\$ 10,265,795</u>	<u>\$ 11,283,906</u>	<u>\$ 12,651,890</u>	<u>\$ 13,570,279</u>	<u>\$ 13,339,956</u>	<u>\$ 15,612,967</u>	<u>\$ 18,796,529</u>	<u>\$ 16,008,183</u>	<u>\$ 19,115,653</u>
<b>Program Revenues</b>										
Government activities:										
Charges for services:										
General government	\$ 148,175	\$ 178,871	\$ 221,295	\$ 207,935	\$ 267,579	\$ 309,905	\$ 233,677	\$ 454,766	\$ 459,933	\$ 463,422
Public safety	208,191	193,841	255,862	183,863	234,786	231,816	279,761	770,619	761,971	816,640
Highways and streets	-	-	-	-	-	-	28,822	109,408	105,295	108,170
Culture and recreation	-	-	-	-	-	-	-	9,876	-	-
Public works	815,799	968,256	1,020,566	963,933	1,064,447	1,080,155	1,076,833	1,244,789	1,209,285	1,229,661
Operating grants and contributions	402,891	386,862	423,000	422,726	439,752	561,336	532,520	868,406	3,446,709	741,640
Capital grants and contributions	<u>138,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,763</u>	<u>1,132</u>	<u>-</u>	<u>619</u>	<u>267,373</u>
Total governmental activities program revenues	<u>1,713,300</u>	<u>1,727,830</u>	<u>1,920,723</u>	<u>1,778,457</u>	<u>2,006,564</u>	<u>2,233,975</u>	<u>2,152,745</u>	<u>3,457,864</u>	<u>5,983,812</u>	<u>3,626,906</u>

(Continued)

**TABLE 2**  
(Continued)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Business-type activities:</b>										
Charges for services:										
Water	2,687,004	2,638,072	3,149,780	3,346,087	3,151,382	2,331,283	3,014,644	2,999,391	3,497,011	3,850,146
Wastewater	951,695	949,117	1,067,393	1,168,721	1,159,789	968,358	1,289,022	1,345,129	1,436,660	1,463,653
Total business-type activities program revenues	<u>3,638,699</u>	<u>3,587,189</u>	<u>4,217,173</u>	<u>4,514,808</u>	<u>4,311,171</u>	<u>3,299,641</u>	<u>4,303,666</u>	<u>4,344,520</u>	<u>4,933,671</u>	<u>5,313,799</u>
Total primary government program revenues	<u>\$ 5,351,999</u>	<u>\$ 5,315,019</u>	<u>\$ 6,137,896</u>	<u>\$ 6,293,265</u>	<u>\$ 6,317,735</u>	<u>\$ 5,533,616</u>	<u>\$ 6,456,411</u>	<u>\$ 7,802,384</u>	<u>\$ 10,917,483</u>	<u>\$ 8,940,705</u>
<b>Net (Expense)/Revenue</b>										
Government activities	\$ (6,911,871)	\$ (5,928,419)	\$ (6,484,823)	\$ (7,361,131)	\$ (7,771,308)	\$ (7,638,594)	\$ (9,715,216)	\$ (11,465,030)	\$ (6,199,520)	\$ (11,251,806)
Business-type activities	<u>892,258</u>	<u>977,643</u>	<u>1,338,813</u>	<u>1,002,506</u>	<u>518,764</u>	<u>(167,746)</u>	<u>558,660</u>	<u>470,885</u>	<u>1,108,820</u>	<u>1,076,858</u>
Total primary government net expense	<u>\$ (6,019,613)</u>	<u>\$ (4,950,776)</u>	<u>\$ (5,146,010)</u>	<u>\$ (6,358,625)</u>	<u>\$ (7,252,544)</u>	<u>\$ (7,806,340)</u>	<u>\$ (9,156,556)</u>	<u>\$ (10,994,145)</u>	<u>\$ (5,090,700)</u>	<u>\$ (10,174,948)</u>
<b>General Revenues and Other Changes in Net Assets/Net Position</b>										
Government activities:										
Taxes:										
Sales and use taxes	\$ 2,560,439	\$ 2,756,819	\$ 2,783,220	\$ 3,453,468	\$ 3,928,736	\$ 4,576,632	\$ 4,760,407	\$ 5,177,903	\$ 6,396,736	\$ 6,676,162
Property taxes	2,883,034	3,324,947	3,840,425	4,125,099	3,990,370	4,532,711	4,478,676	4,771,624	4,338,496	4,527,069
Franchise and public service taxes	544,309	399,654	339,874	337,882	358,832	324,662	326,031	313,615	348,327	394,488
Other taxes	1,254	1,318	1,351	1,064	12,138	7,462	9,145	8,610	8,729	8,903
Unrestricted grants and contributions	109,746	7,377	6,012	6,204	6,276	8,667	9,783	11,020	10,488	10,303
Investment earnings	34,497	43,279	73,674	99,168	146,992	341,878	291,816	66,747	110,785	932,534
Miscellaneous	718,434	226,812	247,580	269,429	325,679	343,465	363,691	358,279	487,925	587,311
Transfers	83,906	405,456	(1,698,873)	1,809,431	844,621	635,436	106,902	1,287,436	793,142	218,222
Total governmental activities	<u>6,935,619</u>	<u>7,165,662</u>	<u>5,593,263</u>	<u>10,101,745</u>	<u>9,613,644</u>	<u>10,770,913</u>	<u>10,346,451</u>	<u>11,995,234</u>	<u>12,494,628</u>	<u>13,354,992</u>
Business-type activities:										
Investment earnings	5,592	9,734	3,077	4,205	11,031	56,416	46,437	5,221	11,098	186,207
Miscellaneous	15,079	5,249	22,644	2,662	11,759	45,157	61,428	24,571	12,542	23,678
Transfers	<u>(83,906)</u>	<u>(405,456)</u>	<u>1,698,873</u>	<u>(1,809,431)</u>	<u>(844,621)</u>	<u>(635,436)</u>	<u>(106,902)</u>	<u>(1,287,436)</u>	<u>(793,142)</u>	<u>(218,222)</u>
Total business-type activities	<u>(63,235)</u>	<u>(390,473)</u>	<u>1,724,594</u>	<u>(1,802,564)</u>	<u>(821,831)</u>	<u>(533,863)</u>	<u>963</u>	<u>(1,257,644)</u>	<u>(769,502)</u>	<u>(8,337)</u>
Total primary government	<u>\$ 6,872,384</u>	<u>\$ 6,775,189</u>	<u>\$ 7,317,857</u>	<u>\$ 8,299,181</u>	<u>\$ 8,791,813</u>	<u>\$ 10,237,050</u>	<u>\$ 10,347,414</u>	<u>\$ 10,737,590</u>	<u>\$ 11,725,126</u>	<u>\$ 13,346,655</u>
<b>Change in Net Assets/Net Position</b>										
Government activities	\$ 23,748	\$ 1,237,243	\$ (891,560)	\$ 2,740,614	\$ 1,842,336	\$ 3,132,319	\$ 631,235	\$ 530,204	\$ 6,295,108	\$ 2,103,186
Business-type activities	<u>829,023</u>	<u>587,170</u>	<u>3,063,407</u>	<u>(800,058)</u>	<u>(303,067)</u>	<u>(701,609)</u>	<u>559,623</u>	<u>(786,759)</u>	<u>339,318</u>	<u>1,068,521</u>
Total primary government	<u>\$ 852,771</u>	<u>\$ 1,824,413</u>	<u>\$ 2,171,847</u>	<u>\$ 1,940,556</u>	<u>\$ 1,539,269</u>	<u>\$ 2,430,710</u>	<u>\$ 1,190,858</u>	<u>\$ (256,555)</u>	<u>\$ 6,634,426</u>	<u>\$ 3,171,707</u>

**CITY OF NICHOLS HILLS, OKLAHOMA  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 Last Ten Fiscal Years  
 TABLE 3**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund										
Nonspendable	\$ 59,409	\$ 60,478	\$ 69,195	\$ 73,483	\$ 78,672	\$ 81,090	\$ 14,255	\$ -	\$ -	\$ -
Restricted	13,233	14,579	14,547	39,734	36,527	35,658	67,932	87,623	110,286	90,314
Committed	-	-	-	-	-	-	225,307	307,846	384,751	491,572
Assigned	1,134,066	628,694	627,754	500,000	629,118	662,818	500,000	500,000	1,311,712	2,455,267
Unassigned	<u>1,209,735</u>	<u>2,114,891</u>	<u>1,173,458</u>	<u>1,702,443</u>	<u>1,885,054</u>	<u>2,478,456</u>	<u>2,982,308</u>	<u>3,888,511</u>	<u>4,004,180</u>	<u>3,471,244</u>
Total general fund	<u>\$ 2,416,443</u>	<u>\$ 2,818,642</u>	<u>\$ 1,884,954</u>	<u>\$ 2,315,660</u>	<u>\$ 2,629,371</u>	<u>\$ 3,258,022</u>	<u>\$ 3,789,802</u>	<u>\$ 4,783,980</u>	<u>\$ 5,810,929</u>	<u>\$ 6,508,397</u>
All Other Governmental Funds										
Restricted	\$ 11,012,902	\$ 11,658,454	\$ 9,514,201	\$ 7,438,743	\$ 7,125,231	\$ 7,633,785	\$ 11,344,374	\$ 15,189,074	\$ 15,229,029	\$ 15,715,512
Assigned	681,463	714,777	1,987,684	2,205,120	1,990,483	2,718,574	1,471,253	1,473,081	2,848,822	3,053,111
Unassigned (deficit)	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 11,694,365</u>	<u>\$ 12,373,231</u>	<u>\$ 11,501,885</u>	<u>\$ 9,643,863</u>	<u>\$ 9,115,714</u>	<u>\$ 10,352,359</u>	<u>\$ 12,815,627</u>	<u>\$ 16,662,155</u>	<u>\$ 18,077,851</u>	<u>\$ 18,768,623</u>
 GRAND TOTAL	 <u>\$ 14,110,808</u>	 <u>\$ 15,191,873</u>	 <u>\$ 13,386,839</u>	 <u>\$ 11,959,523</u>	 <u>\$ 11,745,085</u>	 <u>\$ 13,610,381</u>	 <u>\$ 16,605,429</u>	 <u>\$ 21,446,135</u>	 <u>\$ 23,888,780</u>	 <u>\$ 25,277,020</u>

**CITY OF NICHOLS HILLS, OKLAHOMA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**TABLE 4**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Revenues:</b>										
Taxes	\$ 5,964,058	\$ 6,502,632	\$ 6,952,259	\$ 7,918,119	\$ 8,284,272	\$ 9,436,518	\$ 9,572,924	\$ 10,269,560	\$ 11,132,321	\$ 11,620,257
Intergovernmental	1,015,743	337,047	476,650	489,358	567,360	626,979	562,073	742,853	1,756,094	1,156,705
Charges for services	873,065	1,025,698	1,081,170	1,020,217	1,122,207	1,145,495	1,208,816	1,236,324	1,212,453	1,222,313
Fines and forfeitures	141,016	137,548	189,619	135,846	167,753	152,346	132,332	102,408	118,586	120,835
Licences and permits	148,175	178,871	221,295	207,935	266,716	304,393	232,355	301,895	292,792	285,491
Investment Income	32,852	41,175	73,507	90,032	142,762	342,221	297,136	69,052	89,887	653,665
Donation	-	-	-	-	-	-	-	-	1,500,000	-
Miscellaneous	213,012	221,321	258,296	263,892	305,526	335,492	359,679	353,506	507,445	522,440
<b>Total Revenues</b>	<u>8,387,921</u>	<u>8,444,292</u>	<u>9,252,796</u>	<u>10,125,399</u>	<u>10,856,596</u>	<u>12,343,444</u>	<u>12,365,315</u>	<u>13,075,598</u>	<u>16,609,578</u>	<u>15,581,706</u>
<b>Expenditures:</b>										
General government	1,475,621	2,332,577	2,197,285	2,048,926	2,092,011	2,052,373	2,093,862	2,147,493	2,519,329	2,992,543
Public safety	3,603,369	3,474,899	3,624,883	3,658,186	4,022,308	4,321,228	4,819,410	4,831,126	5,440,801	5,659,478
Highways and streets	241,294	239,701	233,047	309,671	275,805	281,851	262,670	1,165,850	348,923	376,860
Culture and recreation	166,235	203,652	201,630	213,143	223,944	256,252	255,558	274,955	337,264	259,993
Public works	799,558	755,692	800,562	873,022	878,310	949,311	1,009,650	1,152,594	1,067,732	1,185,481
Capital outlay	4,028,762	3,700,012	6,810,063	6,745,421	4,115,253	3,379,516	6,659,721	4,369,597	8,017,965	9,361,503
Debt service										
Principal	2,745,000	2,915,000	3,090,000	3,280,000	3,375,000	3,500,000	3,530,000	12,530,000	4,325,000	4,255,000
Interest	460,221	508,311	552,403	692,279	705,300	717,890	807,461	1,066,165	1,025,113	1,025,825
Payment of issue costs	37,627	19,436	93,562	85,394	66,170	75,625	146,605	99,035	85,295	105,867
<b>Total Expenditures</b>	<u>13,557,687</u>	<u>14,149,280</u>	<u>17,603,435</u>	<u>17,906,042</u>	<u>15,754,101</u>	<u>15,534,046</u>	<u>19,584,937</u>	<u>27,636,815</u>	<u>23,167,422</u>	<u>25,222,550</u>
Excess of revenues over(under) expenditures	<u>(5,169,766)</u>	<u>(5,704,988)</u>	<u>(8,350,639)</u>	<u>(7,780,643)</u>	<u>(4,897,505)</u>	<u>(3,190,602)</u>	<u>(7,219,622)</u>	<u>(14,561,217)</u>	<u>(6,557,844)</u>	<u>(9,640,844)</u>
<b>Other financing sources(uses)</b>										
Transfers in	2,911,025	2,831,066	3,610,870	2,517,274	2,095,037	2,719,467	2,459,005	2,307,100	4,047,369	2,942,056
Transfers out	(1,533,225)	(245,016)	(1,416,232)	(493,180)	(493,180)	(791,454)	(394,691)	-	(1,853,205)	(553,205)
Other use	-	-	-	-	-	-	-	-	-	-
Bond proceeds	3,900,000	4,200,000	4,350,966	4,329,234	3,081,208	3,127,883	8,150,356	17,094,822	6,806,325	8,640,233
<b>Total other financing sources(uses)</b>	<u>\$ 5,277,800</u>	<u>\$ 6,786,050</u>	<u>\$ 6,545,604</u>	<u>\$ 6,353,328</u>	<u>\$ 4,683,065</u>	<u>\$ 5,055,896</u>	<u>\$ 10,214,670</u>	<u>\$ 19,401,922</u>	<u>\$ 9,000,489</u>	<u>\$ 11,029,084</u>
<b>Net change in fund balances</b>	<u>\$ 108,034</u>	<u>\$ 1,081,062</u>	<u>\$ (1,805,035)</u>	<u>\$ (1,427,315)</u>	<u>\$ (214,440)</u>	<u>\$ 1,865,294</u>	<u>\$ 2,995,048</u>	<u>\$ 4,840,705</u>	<u>\$ 2,442,645</u>	<u>\$ 1,388,240</u>
Debt service as a percentage of noncapital expenditures	33.6%	32.8%	24.8%	34.8%	32.4%	30.9%	33.2%	58.1%	32.6%	29.3%

**CITY OF NICHOLS HILLS, OKLAHOMA**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**Last Ten Fiscal Years**  
**TABLE 5**

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<b>Fiscal Year</b>	<b>Ad Valorem Tax</b>	<b>Sales &amp; Use Tax</b>	<b>Franchise Tax</b>	<b>Emergency Telephone Tax</b>	<b>Totals</b>
2014	2,858,056	3,106,002	544,309	1,254	6,509,621
2015	3,311,071	2,726,186	433,424	1,318	6,471,999
2016	3,827,814	2,752,633	339,874	1,351	6,921,672
2017	4,125,705	3,414,285	337,882	1,064	7,878,936
2018	3,990,370	3,928,736	358,832	12,138	8,290,076
2019	4,527,762	4,540,459	324,662	7,452	9,400,335
2020	4,477,341	4,721,952	326,031	9,145	9,534,469
2021	4,769,432	5,138,550	313,615	8,610	10,230,207
2022	4,338,496	6,355,702	348,327	8,729	11,051,254
2023	4,527,069	6,637,822	394,488	8,903	11,568,282

**CITY OF NICHOLS HILLS, OKLAHOMA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**  
**TABLE 6**

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Property</b>	<b>Total Assessed Value</b>	<b>Exemptions</b>	<b>Net Total Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Value</b>
2014	124,654,042	1,689,260	1,135,752	127,479,054	1,042,000	126,437,054	26.27	1,158,900,491
2015	131,851,749	1,670,395	1,150,601	134,672,745	1,034,000	133,638,745	28.38	1,224,297,682
2016	138,741,187	1,756,754	1,097,508	141,595,449	1,244,505	140,350,944	29.14	1,287,231,355
2017	145,046,585	1,891,037	779,411	147,717,033	1,257,021	146,460,012	27.06	1,342,882,118
2018	149,757,271	2,096,104	826,084	152,679,459	1,225,127	151,454,332	29.71	1,387,995,082
2019	158,117,873	2,237,518	801,287	161,156,678	1,297,147	159,859,531	28.09	1,465,060,709
2020	161,356,877	2,762,073	856,267	164,975,217	1,316,500	163,658,717	28.10	1,499,774,700
2021	167,747,021	2,855,659	904,782	171,507,462	1,490,762	170,016,700	29.11	1,559,158,745
2022	175,673,773	2,997,989	884,525	179,556,287	1,453,780	178,102,507	25.56	1,632,329,882
2023	184,351,029	2,912,083	899,462	188,162,574	1,546,759	186,615,815	25.36	1,710,568,855

**CITY OF NICHOLS HILLS, OKLAHOMA**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**(PER \$1,000 OF ASSESSED VALUE)**  
**Last Ten Fiscal Years**  
**TABLE 7**

<b>Fiscal Year</b>	<b>City Direct Rate</b>	<b>Overlapping Rates</b>		<b>Total Nichols Hills City Resident</b>
	<b>Debt Service Fund*</b>	<b>Independent School District (1)</b>	<b>Oklahoma County</b>	
2014	23.70	75.84	23.87	123.41
2015	26.27	74.81	23.58	124.66
2016	28.38	75.16	23.72	127.26
2017	29.14	74.81	23.81	127.76
2018	27.06	74.81	23.28	125.15
2019	29.71	74.29	11.71	115.71
2020	28.10	80.10	23.49	131.69
2021	29.11	80.47	23.38	132.96
2022	25.56	80.05	22.92	128.53
2023	25.36	79.12	23.05	127.53

The levy certified to the tax rolls for the upcoming fiscal year is as follows:

2024	31.67	85.05	11.06	127.78
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**Source:** County Excise Board

**Note:** City property tax may only be levied to repay principal and interest on general obligation bonded debt approved by the voters and any court-assessed judgments.

(1) Includes levy for Metro Tech Vo-Tech #22, Oklahoma City Schools.

\* Direct rate is solely for General Obligation Debt



CITY OF NICHOLS HILLS, OKLAHOMA  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT AND NINE YEARS AGO  
 TABLE 8

Taxpayer	Type of Business	2023			2014		
		Rank	Taxable Assessed Value	Percentage of Net Total Assessed Value	Rank	Taxable Assessed Value	Percentage of Net Total Assessed Value
Oklahoma City Golf & Country Club	Recreation	1	\$ 1,815,210	0.97%	2	\$ 1,094,875	0.91%
OKC NHP LLC	Retail	2	1,087,100	0.58%	1	1,358,560	1.13%
Spark Investments, LLC	Condominiums	3	680,879	0.36%			
JLJ Properties (2 properties)	Resident	4	657,690	0.35%			
Mills Rober L & Margaret S Trust	Resident	5	518,381	0.28%			
Oklahoma Gas & Electric	Utility	6	505,532	0.27%	3	745,559	0.62%
Crutchmer Clyde V (2 properties)	Resident	7	499,064	0.27%	6	473,170	0.39%
Cameron William M Trust	Resident	8	489,662	0.26%			
TG NHOB LLC	Banking	9	477,733	0.26%	4	628,100	0.52%
Albers Leigh Ann & Paul W	Resident	10	468,105	0.25%	7	416,973	0.35%
Chesapeake Lan Company LLC	Oil and gas		-	-	5	522,069	0.43%
Liddell Mike Trust	Resident		-	-	8	407,000	0.34%
Oliver Michael & Deborah Trust	Resident		-	-	9	395,142	0.33%
Greythorn LLC	Resident		-	-	10	373,544	0.31%
Totals			<u>\$ 7,199,356</u>	<u>3.86%</u>		<u>\$ 6,414,992</u>	<u>5.33%</u>

Source: County Assessors Office

**CITY OF NICHOLS HILLS, OKLAHOMA  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years  
TABLE 9**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percentage of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percentage of Total Collected to Total Levy</b>	<b>Net Assessed Value</b>	<b>Mill Levy</b>
2014	2,853,369	2,766,386	96.95%	57,200	2,823,586	98.96%	120,393,780	23.70
2015	3,316,335	3,205,328	96.65%	-	3,205,328	96.65%	126,239,127	26.27
2016	3,786,396	3,647,898	96.34%	124,642	3,772,540	99.63%	133,435,770	28.38
2017	4,089,261	3,969,958	97.08%	122,754	4,092,712	100.08%	140,350,944	29.14
2018	3,963,102	3,857,037	97.32%	117,138	3,974,175	100.28%	146,460,012	27.06
2019	4,500,433	4,422,859	98.28%	104,903	4,527,762	100.61%	151,454,332	29.72
2020	4,491,426	4,357,425	97.02%	114,289	4,471,714	99.56%	163,658,717	28.10
2021	4,763,817	4,614,422	96.86%	141,809	4,756,231	99.84%	170,016,700	29.11
2022	4,345,557	4,229,224	97.32%	149,920	4,379,144	100.77%	178,102,507	25.56
2023	4,517,268	4,434,136	98.16%	115,732	4,549,868	100.72%	186,615,815	25.36

**CITY OF NICHOLS HILLS, OKLAHOMA**  
**SALES TAX RATES OF DIRECT AND OVERLAPPING GOVERNMENTS**  
**Last Ten Fiscal Years**  
**TABLE 10**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City of Nichols Hills	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Oklahoma County	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State of Oklahoma	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
<b>Total</b>	<b>8.50%</b>	<b>8.50%</b>	<b>8.50%</b>	<b>8.50%</b>	<b>8.50%</b>	<b>8.50%</b>	<b>8.50%</b>	<b>8.50%</b>	<b>8.50%</b>	<b>8.50%</b>

CITY OF NICHOLS HILLS, OKLAHOMA  
**TAXABLE SALES BY CATEGORY**  
 Last Ten Fiscal Years

**TABLE 11**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Agriculture, forestry, and fishing	\$ 1,465	\$ 956	\$ 1,098	\$ 899	\$ 4,312	\$ 2,249	\$ 324	\$ 12	\$ 2,101	\$ 578
Mining	-	16	40	-	-	-	-	-	-	-
Construction	824	1,344	1,131	1,379	2,594	2,749	2,920	4,426	3,666	9,326
Manufacturing	99,250	97,363	110,407	163,434	139,031	122,914	125,856	101,850	121,836	153,916
Transportation	533,399	604,289	595,701	595,704	606,364	254,237	9,357	18,726	11,677	10,057
Communications and utilities:										
Communications	120,751	114,695	104,149	96,820	99,099	95,732	79,004	73,759	75,070	75,077
Electric, gas, and sanitary services	312,233	313,243	285,451	289,031	312,640	282,390	273,359	276,237	343,640	413,408
Wholesale trade	81,800	70,254	71,413	77,940	87,392	75,031	77,976	84,329	110,044	103,432
Retail trade:										
Building materials, hardware, garden supply and mobile home dealer	238,472	192,625	221,981	11	338,037	347,035	266,978	333,520	304,484	265,283
General merchandise stores	18,356	-	42,983	55,750	22,565	55,117	42,148	180,928	253,272	297,950
Food stores	22,709	41,680	98,022	554,739	815,834	1,134,184	1,166,678	1,244,501	1,403,020	1,438,754
Automotive dealers and gasoline service stations	1,000	820	28,995	41,786	32,370	14,624	238	378	379	509
Apparel and accessory stores	371,704	531,637	342,127	357,614	281,870	315,870	534,388	537,354	748,764	746,956
Furniture, home furnishings and equipment stores	97,512	324,891	209,465	242,608	204,257	319,487	139,483	246,673	400,890	467,987
Eating and drinking places	221,614	239,450	216,349	213,577	296,849	451,839	390,955	415,344	498,136	454,051
Miscellaneous retail	23,858	13,396	144,423	185,955	226,112	141,541	-	58,087	105,141	155,591
Finance, insurance, and real estate	16,237	14,476	26,756	14,883	46,517	19,742	951	6,347	24,901	16,289
Services:										
Hotels and motels	-	-	-	-	1,896	983	520	461	1,007	473
Personal services	5,043	205	13,333	11,288	11,448	64,540	53,372	48,108	63,706	58,430
Business services	120,751	7,334	2,459	10,219	21,715	358,122	389,387	64,880	57,446	79,445
Automotive repair services and garages	625	2,162	-	768	424	440	1,116	474	425	451
Miscellaneous repair services	103	120	-	-	-	-	-	497	451	585
Other services	169,808	114,695	15,116	6,868	27,612	22,166	518,741	603,216	733,688	837,788
Nonclassifiable establishments	47,681	15,798	55,208	91,772	28,764	25,482	17,858	21,953	185,446	22,289
	<u>\$ 2,505,195</u>	<u>\$ 2,701,449</u>	<u>\$ 2,586,607</u>	<u>\$ 3,013,045</u>	<u>\$ 3,607,702</u>	<u>\$ 4,106,474</u>	<u>\$ 4,091,609</u>	<u>\$ 4,322,060</u>	<u>\$ 5,449,190</u>	<u>\$ 5,608,625</u>

**CITY OF NICHOLS HILLS, OKLAHOMA**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
**TABLE 12**

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	<b>Total Primary Government</b>	<b>Per Capita</b>	<b>Per Estimated Actual Property Values</b>
	<b>General Obligation Bonds</b>	<b>Judgment Payable</b>	<b>Notes Payable</b>			
2014	25,270,000	-	22,927	25,292,927	6,818	0.02
2015	26,885,000	-	21,427	26,906,427	7,252	0.02
2016	27,869,402	-	20,756	27,890,158	7,518	0.02
2017	29,210,868	-	20,060	29,230,928	7,879	0.02
2018	28,574,234	-	19,338	28,593,572	7,707	0.02
2019	28,161,241	-	18,589	28,179,830	7,596	0.02
2020	32,721,918	-	17,812	32,739,730	8,825	0.02
2021	37,166,795	-	17,006	37,183,801	10,023	0.02
2022	39,437,088	-	16,170	39,453,258	10,195	0.02
2023	43,594,113	-	15,303	43,609,416	11,398	0.03

**Note:** Personal income and income per capita is not available for Nichols Hills area only.

**CITY OF NICHOLS HILLS, OKLAHOMA**  
**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED**  
**VALUE AND NET BONDED DEBT PER CAPITA**  
**Last Ten Fiscal Years**  
**TABLE 13**

<b>Fiscal Year</b>	<b>Population</b>	<b>Net Assessed Value</b>	<b>Gross Bonded Debt (1)</b>	<b>Less Debt Service Funds</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
2014	3,710	126,437,054	25,270,000	918,294	24,351,706	19.26%	6,564
2015	3,710	134,672,745	26,885,000	814,790	26,070,210	19.36%	7,027
2016	3,710	140,350,944	27,869,402	991,871	26,877,531	19.15%	7,245
2017	3,710	146,460,012	29,210,868	4,405,804	24,805,064	16.94%	6,686
2018	3,710	151,454,332	28,574,234	1,133,503	27,440,731	18.12%	7,396
2019	3,710	159,859,531	28,161,241	1,487,593	26,673,648	16.69%	7,190
2020	3,710	163,658,717	32,721,918	1,665,138	31,056,780	18.98%	8,371
2021	3,710	170,016,700	37,166,795	1,944,297	35,222,498	20.72%	9,494
2022	3,870	178,102,507	39,437,088	990,903	38,446,185	21.59%	9,934
2023	3,826	186,615,815	43,594,113	373,786	43,220,327	23.16%	11,296

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) Represents outstanding general obligation bonds financed through ad valorem and sales tax.

**CITY OF NICHOLS HILLS, OKLAHOMA**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**June 30, 2023**  
**TABLE 14**

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage (2) Applicable to City of Nichols Hills</u>	<u>Amount Applicable to City of Nichols Hills</u>
City of Nichols Hills (1)	<u>\$43,594,113</u>	100.00%	<u>\$43,594,113</u>
Oklahoma City Public Schools (3)	149,420,000	6.73%	10,051,132
Metro Tech Vo-Tech (3)	63,000,000	8.31%	5,233,173
Oklahoma County (3)	<u>10,945,000</u>	1.99%	<u>217,767</u>
	<u>223,365,000</u>		<u>15,502,072</u>
<b>Total Direct and Overlapping Debt</b>	<b><u>\$266,959,113</u></b>		<b><u>\$59,096,185</u></b>

(1) Gross general bonded debt outstanding less debt service reserves.

(2) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in the City of Nichols Hills.

(3) Oklahoma Financial Survey and Municipal Bond Ratings 2022 Edition compiled by The Municipal Rating Committee of Oklahoma, Inc.; figures shown reflect bonded debt as of June 30, 2022, net of sinking fund balances and excluding judgments.

**CITY OF NICHOLS HILLS, OKLAHOMA**  
**LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years**  
**TABLE 15**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 12,643,705	\$ 14,035,094	\$ 14,646,001	\$ 14,646,001	\$ 15,985,953	\$ 15,985,953	\$ 16,365,872	\$ 17,001,670	\$ 17,810,251	\$ 18,661,582
Total net debt applicable to limit	<u>691,027</u>	<u>2,857,736</u>	<u>6,825,690</u>	<u>7,037,474</u>	<u>6,433,875</u>	<u>5,992,145</u>	<u>7,943,909</u>	<u>7,905,800</u>	<u>9,778,055</u>	<u>10,696,613</u>
Legal debt margin	<u>\$ 11,952,678</u>	<u>\$ 11,177,358</u>	<u>\$ 7,820,311</u>	<u>\$ 7,608,527</u>	<u>\$ 9,552,078</u>	<u>\$ 9,993,808</u>	<u>\$ 8,421,963</u>	<u>\$ 9,095,870</u>	<u>\$ 8,032,196</u>	<u>\$ 7,964,969</u>
Total net debt applicable to the limit as a percentage of debt limit	5.47%	20.36%	46.60%	48.05%	40.25%	37.48%	48.54%	46.50%	54.90%	57.32%

**Legal Debt Margin Calculation for Fiscal Year 2023**

Net assessed valuation	\$ 186,615,815
Debt limit (10% of total assessed value)	18,661,582
Debt applicable to limit:	
General obligation bonds	43,594,113
Less: Street and public utility bonds outstanding	<u>(32,897,500)</u>
Total net debt applicable to limit	<u>10,696,613</u>
Legal debt margin	<u>\$ 7,964,969</u>

Note: Article 10, Section 26 of the Constitution of the State of Oklahoma limits municipal debt to 10% of net assessed valuation.  
Article 10, Section 27 of the Constitution of the State of Oklahoma limits municipal debt to non-utility or non-street purposes.



CITY OF NICHOLS HILLS, OKLAHOMA  
MUNICIPAL AUTHORITY  
PLEDGED REVENUE COVERAGE  
Last Ten Fiscal Years  
TABLE 16

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Direct Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Maximum Annual Debt Service (1)</u>	<u>Debt Service Coverage</u>
2014	3,659,370	1,377,254	2,282,116	-	0.00
2015	3,602,172	1,272,748	2,329,424	-	0.00
2016	4,242,894	1,530,239	2,712,655	-	0.00
2017	4,506,615	2,080,816	2,425,799	-	0.00
2018	4,333,961	1,829,140	2,504,821	-	0.00
2019	3,401,214	1,590,237	1,810,977	-	0.00
2020	4,411,531	1,820,668	2,590,863	-	0.00
2021	4,256,696	1,850,536	2,406,160	-	0.00
2022	4,850,970	1,895,498	2,955,472	-	0.00
2023	5,406,240	2,228,618	3,177,622	-	0.00

(1) Maximum annual debt service includes principal, interest and fee payments to fiscal agents for promissory note payable secured by or for which debt service is paid from trust revenues.

**CITY OF NICHOLS HILLS, OKLAHOMA  
BUILDING PERMITS AND CONSTRUCTION  
Last Ten Calendar Years  
TABLE 17**

<b>Calendar Year</b>	<b>Number of Building Permits</b>	<b>Construction Values</b>			<b>Estimated Actual Value of Taxable Property</b>
		<b>Residential</b>	<b>Commercial</b>	<b>Total</b>	
2014	165	15,729,647	382,000	16,111,647	850,211,612
2015	115	18,725,690	4,142,400	22,868,090	1,055,415,642
2016	129	25,514,864	2,489,900	28,004,764	93,897,162
2017	214	23,373,289	2,182,849	25,556,138	1,055,307,198
2018	262	55,016,242	8,707,641	63,723,883	3,567,900,209
2019	233	56,030,226	19,367,310	75,397,536	4,221,508,041
2020	174	19,702,469	630,007	20,332,476	1,138,415,331
2021	203	31,449,262	533,946	31,983,208	1,790,739,816
2022	202	22,594,931	993,002	23,587,933	1,320,688,369
2023	212	22,544,625	728,302	23,272,927	1,303,051,183

**CITY OF NICHOLS HILLS, OKLAHOMA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Ten Calendar Years  
TABLE 18**

<u>Year</u>	<u>Population (1)</u>	<u>Median Age of Population (2)</u>	<u>School Enrollment (3) (in thousands)</u>	<u>Unemployment Rate (4)</u>
2014	3,710	49.8	45	4.5%
2015	3,710	49.8	46	3.2%
2016	3,710	49.8	41	4.8%
2017	3,908	49.8	40	4.5%
2018	3,710	45.3	38	3.5%
2019	3,710	46.3	36	3.2%
2020	3,710	45.9	31	6.9% (5)
2021	3,710	48.3	32	3.7%
2022	3,870	42.5	32	3.2%
2023	3,826	42.5	33	2.8%

**Sources:**

(1) From U.S. Census Data and INCOG

(2) ODOC per 2000 Census

(3) Oklahoma City Public School District Enrollment

(4) Oklahoma Employment Security Commission, for the Oklahoma City metropolitan area

(5) U.S. Bureau of Labor Statistics

**Note:** Personal income and income per capita is not available for Nichols Hills area only.

CITY OF NICHOLS HILLS, OKLAHOMA  
 PRINCIPAL EMPLOYERS  
 CURRENT AND NINE YEARS AGO  
 TABLE 19

<u>Employer</u>	<u>Product/Business</u>	<u>2023</u>			<u>2014</u>		
		<u>Rank</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Rank</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Oklahoma City Golf & Country Club	Private Club	1	305	8%	1	205	6%
Christ the King School & Church	Private School	2	92	2%	2	110	3%
Trader Joe's	Grocery	3	85	2%			
City of Nichols Hills	Municipal Government	4	74	2%	3	68	2%
All Soul's Episcopal Church	Church/Daycare	5	38	1%	4	40	
The Hutch	Restaurant	6	31	1%			
Starbucks	Restaurant	7	27	1%	6	25	
Cool Greens	Restaurant	8	25	1%			
Saturn Grill	Restaurant	9	25	1%	8	20	
Balliet's	R Restaurant	10	21	1%			
Mamasita's Restaurant	Restaurant				5	30	1%
Coach House Restaurant	Restaurant				7	21	
CK & Co.	Retail				9	13	
Ruth Meyers	Retail				10	12	
Totals			<u>723</u>	<u>19%</u>		<u>544</u>	<u>11%</u>

NOTE: Information obtained from businesses above.

CITY OF NICHOLS HILLS, OKLAHOMA  
 Capital Asset Statistics by Function/Program  
 Last Ten Fiscal Years  
 TABLE 20

<b>Function/Program</b>	<b>Fiscal Year 2014</b>	<b>Fiscal Year 2015</b>	<b>Fiscal Year 2016</b>	<b>Fiscal Year 2017</b>	<b>Fiscal Year 2018</b>	<b>Fiscal Year 2019</b>	<b>Fiscal Year 2020</b>	<b>Fiscal Year 2021</b>	<b>Fiscal Year 2022</b>	<b>Fiscal Year 2023</b>
<b>General Government</b>										
Buildings	1	1	1	1	1	1	1	1	1	1
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	4	5	5	5	5	6	8	12	12	12
Unmarked Units	4	4	4	3	3	3	3	3	3	3
Motorcycles	0	0	0	0	0	0	0	0	0	0
<b>Fire</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Trucks	2	2	2	2	2	2	2	2	2	2
<b>Streets</b>										
Street miles	29	29	29	29	29	29	29	29	29	29
Traffic signals	1	1	1	1	1	1	1	1	1	1
<b>Parks and recreation</b>										
Parks	34	34	34	34	37	37	37	37	37	38
Playgrounds	2	2	2	2	2	2	2	2	2	2
Baseball/softball diamonds	2	2	2	2	2	2	2	2	2	2
Soccer/football fields	1	1	1	1	1	1	1	1	1	1
<b>Water</b>										
Water mains (miles)	31	31	31	31	45	45	45	45	45	45
Fire hydrants	236	246	301	301	291	301	301	301	301	301
Storage capacity	9,000,000	9,000,000	9,000,000	8,750,000	8,750,000	8,750,000	8,750,000	8,750,000	8,750,000	8,750,000
<b>Wastewater</b>										
Sanitary sewers (miles)	27	27	27	27	27	27	27	27	27	27

Source: City Departments

CITY OF NICHOLS HILLS, OKLAHOMA  
 Full-Time Equivalent City Government Employees by Function/Program  
 Last Ten Fiscal Years  
 TABLE 21

<u>Function/Program</u>	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2022</u>	<u>Fiscal Year 2023</u>
<b>General Government:</b>										
City clerk	1	1	1	1	1	1	1	1	1	1
City treasurer	-	-	-	1	1	1	1	1	1	1
General government	6	6	6	9	9	9	10	10	10	11
<b>Total General Government</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>13</b>
<b>Public Safety and Judiciary:</b>										
City attorney	1	1	1	1	1	1	1	1	1	1
Police	22	21	23	21	22	21	23	23	24	24
Municipal court	2	2	2	2	2	2	2	2	2	2
Fire	14	14	14	14	14	14	14	14	14	14
<b>Total Public Safety and Judiciary</b>	<b>39</b>	<b>38</b>	<b>40</b>	<b>38</b>	<b>39</b>	<b>38</b>	<b>40</b>	<b>40</b>	<b>41</b>	<b>41</b>
<b>Transportation:</b>										
Streets	2	1	1	3	3	3	3	3	2	4
<b>Total Transportation</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>4</b>
<b>Cultural, Parks and Recreation:</b>										
Parks	1	2	2	2	2	2	2	1	0	0
<b>Total Cultural, Parks and Recreation</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>Public Works:</b>										
Water and Sewer	10	8	10	6	6	7	9	7	8	7
Sanitation	10	10	10	10	10	10	10	9	10	10
Building and Code	1	2	2	3	3	3	3	3	4	4
<b>Total Public Works</b>	<b>21</b>	<b>20</b>	<b>22</b>	<b>19</b>	<b>19</b>	<b>20</b>	<b>22</b>	<b>19</b>	<b>22</b>	<b>21</b>

Source: City Departments

**CITY OF NICHOLS HILLS, OKLAHOMA**  
**Operating Indicators By Function/Program**  
**Last Ten Fiscal Years**  
**TABLE 22**

<b>Function/Program</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Public Safety										
Police										
Number of Violations (Citations)	2,552	2,028	1,782	1,989	2,223	2,056	1,677	703	1,377	1,342
Fire										
Call Responses	544	588	571	571	587	621	638	845	744	808
Highways and Streets										
Asphalt Repairs (tons)	36	40	40	17	31	10	7	11	17	23
Culture and Recreation										
Acreage	40	40	40	40	40	40	40	40	40	40
Water and Wastewater Operations										
Number of Water Consumers	1,879	2,009	1,889	1,847	1,858	1,861	1,862	1,868	1,871	1,859
Average Daily Water Consumption (millions of gallons)	1	1	1	1	1	1	1	1	1	1
Number of Sewer Consumers	1,863	2,009	1,873	1,774	1,783	1,786	1,799	1,826	1,824	1,817
Solid Waste Operations										
Refuse collected (cubic yards per day)	26	27	27	35	29	38	37	43	41	39
Active Refuse Accounts	1,838	2,009	1,848	1,803	1,831	1,809	1,812	1,802	1,777	1,764

Source: City Departments

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

Honorable Mayor and Members of the City Council of  
the City of Nichols Hills, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Nichols Hills, Oklahoma (the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 7, 2023. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information.

**Report on Internal Control Over Financial Reporting**

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

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

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

(Continued)

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

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

A handwritten signature in cursive script that reads "Finley & Cook, PLLC". The signature is written in black ink and is positioned to the right of the date and location text.

Shawnee, Oklahoma  
December 7, 2023