

# CITY OF NICHOLS HILLS, OKLAHOMA

# ANNUAL COMPREHENSIVE FINANCIAL REPORT AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Prepared By: City of Nichols Hills Department of Finance

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CITY OF NICHOLS HILLS

December 6, 2024

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, 2024. 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 6.3% increase in sales tax revenue from prior year. Use tax increased 10% 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, the hosting of regular Northwest Oklahoma City Chamber events in our retail spaces and City Hall, and an Earth Day celebration that incorporates local vendors. The City is also developing building incentives and a new park in the northwest corner of the city where significant residential home redevelopment is desired, which redevelopment would result in increased sales tax from the delivery of building materials.

Water sales continue to be good at rounding out our income sources. Water revenue decreased 1.1% from the prior fiscal year. The City of Nichols Hills is fortunate to have an excellent collection rate for utility revenue. The City is in the process of building a new water treatment facility and plans 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 2025 General Obligation Bond issue, as well as water improvements, sanitary sewer improvements, police vehicles, 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, 2024, 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 2023. 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 2023-24 ACFR.

Respectfully submitted,

S. Shane Pate II City Manager

## CITY OF NICHOLS HILLS, OKLAHOMA

## LIST OF PRINCIPAL OFFICIALS

**JUNE 30, 2024** 

## **City Council**

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

# Administration

S. Shane Pate II City Manager

Assistant City Manager Michael Taylor 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

**Todd Mayes Assistant Fire Chief** 

Steven Cox Police Chief

Casey Nix **Assistant Police Chief** 

Scott Johnston Information Systems Manager

# **Finance Department**

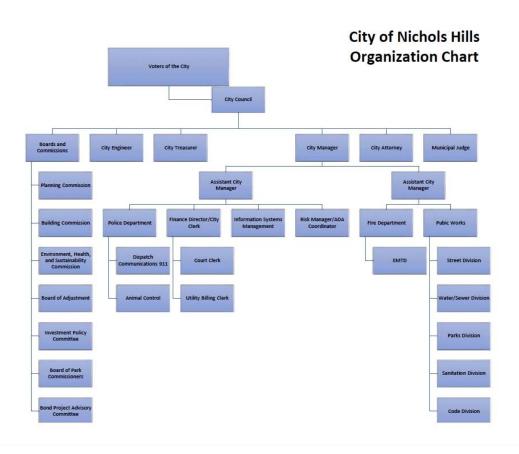
Amanda Copeland Finance Director

Sherry Dickson **Assistant Finance Director** 

Nikki Brown Court Clerk

Rachel Gerber **Utility Billing Clerk** 

# **City of Nichols Hills Organization Chart**





# 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, 2023

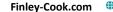
Christopher P. Morrill

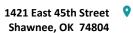
Executive Director/CEO

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#### **INDEPENDENT AUDITORS' REPORT**

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

#### **Report on the Audit of 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, 2024, 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, 2024, 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 notes to the budgetary comparison schedule, 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 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 6, 2024, 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.

Finley + Cook, PLIC

Shawnee, Oklahoma December 6, 2024

#### CITY OF NICHOLS HILLS, OKLAHOMA MANAGEMENT'S DISCUSSION & ANALYSIS

For the fiscal year ended June 30, 2024

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, 2024. Please read it in conjunction with the City's financial statements.

#### FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2024, the City's total net position increased by \$4,056,258 or 9.7% from the prior year.
- During the year, the City's expenses for governmental activities totaled \$16,878,793 and were funded by program revenues of \$3,819,544 and other general revenues and transfers that totaled \$15,806,497. This resulted in an increase in governmental activities net position of \$2,747,248. The increase is due to an increase in sales tax revenue, investment income, and park donations.
- The City's business-type activities reported revenues of \$6,206,913 and expenses and transfers of \$4,897,903 resulting in an increase in net position of \$1,309,010. The increase was due to a donation of a water well.
- At June 30, 2024, the General Fund reported an unassigned fund balance of \$4,714,948, which is an increase from the prior year due in part to a decrease in assigned capital projects.
- For budgetary reporting purposes, the General Fund reported resources available for appropriation over final of estimates of \$646,830, or 5.7%, while expenditures were under the final appropriations by \$664,878 or 4.9%.

#### **OVERVIEW OF THE FINANICAL 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:

# CITY OF NICHOLS HILLS, OKLAHOMA MANAGEMENT'S DISCUSSION & ANALYSIS

For the fiscal year ended June 30, 2024

- 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 \$41.4 million to \$45.5 million between fiscal years 2023 and 2024. Looking at the net position of governmental and business-type activities separately, total net position of the governmental activities increased \$2,747,248 and business-type activities increased \$1,309,010.

Governmental current assets increased this year due to cash and investments set aside for future park projects and bond projects. Governmental other liabilities increased due to an increase in accounts payable for capital projects and bond payments due within one year. Governmental deferred inflows in resources increased mostly due to a cell tower lease renewal extending the terms of the lease and partially due to pension. Governmental net investment in capital assets increased due to large capital projects completed in the current year. Governmental restricted net position increased due to donation revenue held for park projects. Business-type deferred outflows of resources and deferred inflows of resources both decreased due to actuarial factors in the pension plan. Business-type other liabilities decreased due to a capital project accounts payable item in the prior year.

# CITY OF NICHOLS HILLS, OKLAHOMA MANAGEMENT'S DISCUSSION & ANALYSIS

For the fiscal year ended June 30, 2024

	Governmen	tal Activities	% Inc. (Dec.)	Business-Ty	ype Activities	% Inc. (Dec.)	To	% Inc. (Dec.)	
	2024	2023		2024	2023		2024		
Current assets	\$ 32,559,698	\$ 27,835,657	17%	\$ 4,973,062	\$ 4,811,705	3%	\$ 37,532,760	\$ 32,647,362	15%
Capital assets, net	41,417,687	38,661,572	7%	19,666,820	18,677,157	5%	61,084,507	57,338,729	7%
Total assets	73,977,385	66,497,229	11%	24,639,882	23,488,862	5%	98,617,267	89,986,091	10%
Deferred outflows of resources	3,479,056	3,975,047	-12%	303,670	418,227	-27%	3,782,726	4,393,274	-14%
Long-term debt outstanding	47,443,819	45,596,290	4%	214,102	216,211	-1%	47,657,921	45,812,501	4%
Other liabilities	6,832,157	5,344,424	28%	148,823	396,394	-62%	6,980,980	5,740,818	22%
Total liabilities	54,275,976	50,940,714	7%	362,925	612,605	-41%	54,638,901	51,553,319	6%
Deferred inflows of resources	2,240,804	1,339,149	67%	66,201	89,068	-26%	2,307,005	1,428,217	62%
Net position									
Net investment in capital assets	12,071,208	9,807,498	23%	19,652,416	18,419,867	7%	31,723,624	28,227,365	12%
Restricted	1,743,595	1,077,083	62%	42,196	-		1,785,791	1,077,083	66%
Unrestricted	7,124,858	7,307,832	-3%	4,819,814	4,785,549	1%	11,944,672	12,093,381	-1%
Total net position	\$ 20,939,661	\$ 18,192,413	15%	\$ 24,514,426	\$ 23,205,416	6%	\$ 45,454,087	\$41,397,829	10%

### **Change in Net Position**

For the year ended June 30, 2024, net position of the primary government changed as follows:

	Governm Activiti		% Inc. (Dec.)		Business-Type Activities		To	otal	% Inc. (Dec.)	
	2024	2023		2024	2023		2024	2023		
Revenues										
Program revenues - Charges for services	\$ 2,845,974	\$ 2,617,893	9%	\$ 5,272,301	\$ 5,313,799	-1%	\$ 8,118,275	\$ 7,931,692	2%	
Program revenues - Other	973,570	1,009,013	-4%	710,000	-	100%	1,683,570	1,009,013	67%	
Taxes and other general revenues:										
Taxes	13,392,730	11,606,622	15%	-	-		13,392,730	11,606,622	15%	
Intergovernmental	10,197	10,303	-1%	-	-		10,197	10,303	-1%	
Investment income	1,524,639	932,534	63%	211,856	186,207	14%	1,736,495	1,118,741	55%	
Miscellaneous	397,829	587,311	-32%	12,756	23,678	-46%	410,585	610,989	-33%	
Total revenues	19,144,939	16,763,676	14%	6,206,913	5,523,684	12%	25,351,852	22,287,360	14%	
Expenses										
General government	4,012,642	3,695,144	9%	-	-		4,012,642	3,695,144	9%	
Public safety	7,379,628	6,724,195	10%	-	-		7,379,628	6,724,195	10%	
Highways and streets	2,018,857	1,628,008	24%	-	-		2,018,857	1,628,008	24%	
Culture and recreation	512,776	401,339	28%	-	-		512,776	401,339	28%	
Public works	1,815,754	1,637,914	11%	-	-		1,815,754	1,637,914	11%	
Interest on long-term debt	1,139,136	792,112	44%	-	-		1,139,136	792,112	44%	
Water	-	-		3,157,234	3,098,691	2%	3,157,234	3,098,691	2%	
Wastewater				1,259,567	1,138,250	11%	1,259,567	1,138,250	11%	
Total expenses	16,878,793	14,878,712	13%	4,416,801	4,236,941	4%	21,295,594	19,115,653	11%	
Excess (deficiency) before transfers	2,266,146	1,884,964	20%	1,790,112	1,286,743	39%	4,056,258	3,171,707	28%	
Transfers	481,102	218,222	120%	(481,102)	(218,222)	120%				
Change in net position	2,747,248	2,103,186	31%	1,309,010	1,068,521	23%	4,056,258	3,171,707	28%	
Beginning net position	18,192,413	16,089,227		23,205,416	22,136,895		41,397,829	38,226,122		
Ending net position	\$ 20,939,661	\$ 18,192,413		\$ 24,514,426	\$ 23,205,416		\$45,454,087	\$41,397,829		

Governmental Activities taxes increased due to an increase in ad valorem taxes for debt service payments and an increase in sales and use tax revenue. Investment income increased due to interest rates increasing for Governmental and Business-Type Activities. Governmental miscellaneous revenue decreased due to donation of capital assets and sale of surplus items in the prior year. Highways and streets expense increased due to an additional employee, promotions, and an increase in depreciation expense. Culture and recreation expenses increased due to depreciation expense and maintenance fee increases. Interest on long-term debt increased due to rising interest rates on GO Bond debt. Transfers changed in the current year due to Business-type activity projects from GO Bonds. Business-type program revenue increased due to a donation of a water well in the current year.

#### **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**

	Total Expense of Services 2024	Net Revenue (Expense) of Services 2024	Total Expense of Services 2023	Net Revenue (Expense) of Services 2023
General government	\$4,012,642	(\$3,446,408)	\$3,695,144	(\$2,800,834)
Public safety	7,379,628	(5,914,212)	6,724,195	(5,364,231)
Highways and streets	2,018,857	(1,847,962)	1,628,008	(1,485,037)
Culture and recreation	512,776	(189,656)	401,339	(401,339)
Public works	1,815,754	(521,875)	1,637,914	(408,253)
Interest on long-term debt	1,139,136	(1,139,136)	792,112	(792,112)
Total	\$16,878,793	(\$13,059,249)	\$14,878,712	(\$11,251,806)

For the year ended June 30, 2024, total expenses for governmental activities amounted to approximately \$16.9 million. Of these total expenses, the program revenues funded \$3.8 million through service charges and grants and other contributions, while taxpayers, transfers, and other general revenues funded the remainder of \$13.1 million.

#### **Business-Type Activities**

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

	Total Expense of Services 2024	Net Revenue (Expense) of Services 2024	Total Expense of Services 2023	Net Revenue (Expense) of Services 2023
Water	\$3,157,234	\$1,371,581	\$3,098,691	\$751,455
Wastewater	1,259,567	193,919	1,138,250	325,403
Total	\$4,416,801	\$1,565,500	\$4,236,941	\$1,076,858

In the business-type activities, the charges for services in FY2024 were sufficient to cover expenses.

For the fiscal year ended June 30, 2024

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

As the City completed its 2024 fiscal year, the governmental funds reported a combined fund balance of \$28.4 million or a 12.2% increase from the prior year. The enterprise fund reported net position of \$24.5 million or a 5.6% increase from 2023.

At June 30, 2024, the General Fund reported an unassigned fund balance of \$4,714,948, which is an increase from prior year due to a decrease in assigned fund balance for capital projects. The Debt Service Fund increased its fund balance minimally by \$5,755. The Capital Improvement Fund had an increase in fund balance due to \$1.7 million additional transfers from the General Fund for a future park project. The City issued Series 2024 General Obligation Bonds in the amount of \$7,020,000 for capital projects, and the GO Bond Fund balance increased by \$1,096,235.

#### **General Fund Budgetary Highlights**

Over the course of the year, the City Council made budget revisions mostly due to capital asset projects, and surplus pay for employees exceeded original estimates. The final budget appropriation only increased for the surplus pay to employees, all other amendments were offset by a decrease in appropriations from another department. The General Fund reported resources available for appropriations over final estimates of \$1,562,336 (9.6%) and expenditures under final appropriations by \$664,878 (4.9%). Sales and use tax budget amounts were purposely conservative causing revenue to exceed budget even after amendments.

#### **Capital Asset and Debt Administration**

#### Capital Assets

At June 30, 2024, the City had approximately \$61.1 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).

# Primary Government Capital Assets (Net of accumulated depreciation)

	Govern <u>Activ</u>		Busines <u>Activ</u>		<u>Total</u>			
	<u>2024</u>	2023	<u>2024</u>	2023	<u>2024</u>	<u>2023</u>		
Land	\$683,674	\$683,674	\$207,742	\$207,742	\$891,416	\$891,416		
Buildings	6,023,478	2,520,080	2,442,447	911,888	8,465,925	3,431,968		
Imp. other than buildings	2,424,612	728,400	24,232	18,018	2,448,844	746,418		
Machinery, furniture and equipment	2,508,713	2,285,406	296,804	320,252	2,805,517	2,605,658		
Infrastructure	26,146,553	25,992,489	-	-	26,146,553	25,992,489		
Utility improvements	-	-	14,162,239	15,370,440	14,162,239	15,370,440		
Water rights	-	-	29,209	31,386	29,209	31,386		
Construction in progress	on in progress 3,630,657		2,504,147	1,817,431	6,134,804	8,268,954		
Totals	\$41,417,687	\$38,661,572	\$19,666,820	\$18,677,157	\$61,084,507	\$57,338,729		

This year's more significant capital asset additions are various paving projects, an erosion project in the park, a CNG Sanitation Truck, completion of the Fire Station addition and the completion of Love Family Park. Depreciation expense for all assets totaled \$4.5 million. See Note 3.D. for additional information.

#### Long- Term Debt Administration

At year-end, the City had approximately \$45.3 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, 2024

	Primary Government Long-Term Debt														
	Governi <u>Activ</u>		Busine <u>Acti</u>	ss-Ty vities	•	<u>Tot</u>	Total Percentage <u>Change</u>								
	<u>2024</u>	<u>2023</u>		<u>2024</u>		<u>2023</u>	<u>2024</u>	<u>2023</u>	2023-2024						
G.O. Bonds payable	\$44,390,000	\$41,975,000	\$ -		\$	-	\$44,390,000	\$41,975,000	5.8%						
Water rights	-	-		14,404		15,303	14,404	15,303	-5.9%						
Accrued comp absences	800,493	637,058		54,177		53,830	854,670	690,888	23.7%						
Utility deposits		_		28,460		27,760	28,460	27,760	2.5%						
Totals	\$ 45,190,493	\$42,612,058	\$	97,041	\$	96,893	\$45,287,534	\$42,708,951	6.0%						

For the year ended June 30, 2024, the City issued \$7.0 million of general obligation bonds for capital improvements. Accrued compensated absences increased due to incentive bonuses, cost of living increases and low employee turnover. 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. The City ended the fiscal year with a 6.3% increase in sales tax revenue from prior year. Use tax increased 10% 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, the hosting of regular Northwest Oklahoma City Chamber events in our retail spaces and City Hall, and an Earth Day celebration that incorporates local vendors. The City is also developing building incentives and a new park in the northwest corner of the city where significant residential home redevelopment is desired, which redevelopment would result in increased sales tax from the delivery of building materials.

Water sales continue to be good at rounding out our income sources. Water revenue decreased slightly by 1.1% from the prior fiscal year. The City of Nichols Hills is fortunate to have an excellent collection rate for utility revenue. The City is in the process of building a new water treatment facility and plans water well redrilling to improve the City's water system.

#### **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, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 9,089,784	\$ 1,817,453	\$ 10,907,237
Investments	19,994,819	2,375,000	22,369,819
Deposits with insurance pool	73,273	-	73,273
Interest receivable	306,383	16,115	322,498
Accounts receivable, net	-	808,216	808,216
Franchise tax receivable	45,294	-	45,294
Court fines receivable, net	214,300	-	214,300
Other receivables	13,154	-	13,154
Internal balances	85,918	(85,918)	-
Due from other governments	1,195,197	-	1,195,197
Lease receivable	1,266,737	- -	1,266,737
Net pension asset Capital assets:	274,839	42,196	317,035
Non-depreciable assets	4,314,331	2,711,889	7,026,220
Depreciable assets, net	37,103,356	16,954,931	54,058,287
Total capital assets	41,417,687	19,666,820	61,084,507
Total assets	73,977,385	24,639,882	98,617,267
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to OPEB	275,300	42,196	317,496
Deferred amounts related to pensions	3,203,756	261,474	3,465,230
Total deferred outflows of resources	3,479,056	303,670	3,782,726
LIABILITIES			
Accounts payable and accrued expenses  Long-term liabilities  Due within one year	1,842,108	142,472	1,984,580
Compensated absences	80,049	5,418	85,467
Bonds and notes payable	4,910,000	933	4,910,933
Due in more than one year	4,010,000	300	4,010,000
Deposit liability	74,820	33,660	108,480
Bonds and notes payable	41,131,666	13,471	41,145,137
Compensated absences	720,444	48,759	769,203
Net pension liability	4,544,827	-	4,544,827
Total OPEB liability	915,260	111,901	1,027,161
Claims and judgments	56,802	6,311	63,113
Total liabilities	54,275,976	362,925	54,638,901
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to OPEB	337,826	43,784	381,610
Deferred amounts related to refunding	16,056	-	16,056
Deferred amounts related to leases	1,266,737	-	1,266,737
Deferred amounts related to pensions	620,185	22,417	642,602
	2,240,804	66,201	2,307,005
NET POSITION			
Net investment in capital assets	12,071,208	19,652,416	31,723,624
Restricted for:			
Pension	274,839	42,196	317,035
Debt service	404,502	-	404,502
Streets	260,470	-	260,470
Donations	645,744	-	645,744
Public safety	84,767	-	84,767
Insurance	73,273	-	73,273
Unrestricted	7,124,858	4,819,814	11,944,672
Total net position	\$ 20,939,661	\$ 24,472,230	\$ 45,454,087

#### City of Nichols Hills Statement of Activities For the Year Ended June 30, 2024

				Progra	m Revenue				Net (Expense) Revenue and Changes in Net Position Primary Government						
Functions/Programs		Expenses		Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions		Governmental Activities		siness-type Activities		Total	
Primary government															
Governmental Activities	•	4 0 4 0 0 4 0	•	544.005		= 4 000			•	(0.440.400)	•			(0.440.400)	
General Government	\$	4,012,642	\$	511,305	\$	54,929	\$	-	\$	(3,446,408)	\$	-	\$	(3,446,408)	
Public Safety		7,379,628		904,249		559,544		1,623		(5,914,212)		-		(5,914,212)	
Highways and Streets		2,018,857		136,541		34,354		-		(1,847,962)		-		(1,847,962)	
Public Works		1,815,754		1,293,879		<del>-</del>		-		(521,875)		-		(521,875)	
Culture and Recreation		512,776		-		323,120		-		(189,656)		-		(189,656)	
Interest on Long-term debt		1,139,136		-						(1,139,136)				(1,139,136)	
Total governmental activities		16,878,793		2,845,974		971,947		1,623		(13,059,249)				(13,059,249)	
Business-type Activities															
Water		3,157,234		3,818,815		-		710,000		-		1,371,581		1,371,581	
Wastewater		1,259,567		1,453,486		-		-		-		193,919		193,919	
Total business-type activities	-	4,416,801		5,272,301		_		710,000		-		1,565,500		1,565,500	
Total primary government	\$	21,295,594	\$	8,118,275	\$	971,947	\$	711,623		(13,059,249)		1,565,500		(11,493,749)	
	Taxe														
		les tax								7,133,492		-		7,133,492	
		operty taxes, levied	for deb	t service						5,891,449		-		5,891,449	
		anchise taxes								351,063		-		351,063	
		11 taxes								16,726		-		16,726	
		government not res			ms					10,197		-		10,197	
	Unre	stricted investmen	t earning	gs						1,524,639		211,856		1,736,495	
	Misc	ellaneous								397,829		12,756		410,585	
	ers								481,102		(481,102)		-		
	Т	otal general reven	ues and	transfers					15,806,497		(256,490)		15,550,007		
		Change in net pos	sition							2,747,248	-	1,309,010		4,056,258	
	Net po	Net position - beginning										23,163,220		41,355,633	
	Net position - ending									20,939,661	\$	24,472,230	\$	45,454,087	
	·	Se	e accon	npanying notes to	the basic	c financial state	ements					-			

City of Nichols Hills Balance Sheet Governmental Funds June 30, 2024

	General Fund		General Fund		Del	ot Service Fund	lm	Capital provement Fund	GO	Bond Fund	Park Fund		Other Governmental Funds		Total Governmental Funds	
ASSETS																
Cash and cash equivalents	\$	1,786,860	\$	366,577	\$	1,384,234	\$	4,324,241	\$	635,113	\$	380,885	\$	8,877,910		
Restricted cash and equivalents		74,820		-						-		-		74,820		
Investments		3,200,000		-		3,650,000		13,144,819		-		-		19,994,819		
Deposits with insurance pool		73,273		-		-		-		-		-		73,273		
Receivables: Accrued interest receivable		51,880				64,203		190,300						306,383		
Due from other funds		85,918		_		04,203		190,300		-				85.918		
Due from other governments		1,051,455		142,459		_		_		-		1,283		1,195,197		
Franchise taxes receivable		45.294		-		_		_		_		1,200		45,294		
Court fines receivable, net		214,300		_		_		_		_		_		214,300		
Leases		1,266,737		-		-		-		-		-		1,266,737		
Other		12,425		-		-		-		-		729		13,154		
Total assets	\$	7,862,962	\$	509,036	\$	5,098,437	\$	17,659,360		635,113	\$	382,897	\$	32,147,805		
LIABILITIES, DEFERRED INFLOWS AND FUND BAI Liabilities:	LANCES	<b>;</b>														
Accounts payable	\$	276,430	\$	_	\$	136,365	\$	1,282,903		_	\$	_	\$	1,695,698		
Due to other governments	Ψ	2,512	Ψ		Ψ	130,303	Ψ	1,202,303		-	Ψ		Ψ	2,512		
Deposit liabilities		74,820		_		_		_		_		_		74,820		
Retainage payable				_		_		143,898		_		_		143,898		
Total liabilities		353,762		-		136,365		1,426,801						1,916,928		
Deferred inflows of resources:																
Leases		1,266,737		-		-		-		-		-		1,266,737		
Unavailable revenue		241,978		104,534		64,203		190,300		-				601,015		
Total deferred inflows		1,508,715		104,534		64,203		190,300						1,867,752		
Fund balances:																
Restricted for:												000 470		000 470		
Streets		-		-		-		-		-		260,470		260,470		
Public safety Donations		65,832		-		-		-		579,912		84,767		84,767 645,744		
Debt service		03,032		404,502		-		-		379,912		-		404,502		
Capital projects				404,302				15,447,176		-				15,447,176		
Insurance		73,273				_		13,447,170		-				73,273		
Committed for:		70,270												10,210		
Capital projects		621,432		_		_		_		-		-		621,432		
Assigned for:		,												,		
Streets		-		-		-		-		-		30,094		30,094		
Economic development		500,000		-		-		-		-		-		500,000		
Capital projects		-		-		-		-		-		7,566		7,566		
Donations		-		-		-		-		55,201		-		55,201		
Capital projects		-		-		4,897,869		595,083		-		-		5,492,952		
Parks		25,000		-		-		-		-		-		25,000		
Unassigned		4,714,948		-						-				4,714,948		
Total fund balances		6,000,485		404,502		4,897,869		16,042,259		635,113		382,897		28,363,125		
Total liabilities, deferred inflows and fund balances	\$	7,862,962	\$	509,036	\$	5,098,437	\$	17,659,360	\$	635,113	\$	382,897	\$	32,147,805		

# **City of Nichols Hills**

# Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2024

Total fund balance, governmental funds	\$ 28,363,125
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 \$25,120,175.	41,417,687
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	41,417,007
funds: Net pension asset Deferred Outflows:	274,839
Court fines receivable Investment receivable Deferred amount related to OPEB Pension related deferred outflows Receivable from other governments	190,098 306,383 275,300 3,203,756 104,534 4,354,910
Internal service fund are used by management to charge costs of certain activiites that benefit mulitple funds, such as self-insurance costs, to individual funds. These assets and liabilities of these internal service funds are reported in the governmental activites of the Statement of Net Position: Internal service funds' net position	80,252
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 Deferred inflow on refunding Accrued compensated absences Net pension liability Total OPEB liability OPEB related deferred inflows Pension related deferred inflows	(46,041,666) (16,056) (800,493) (4,544,827) (915,260) (337,826) (620,185) (53,276,313)
Net Position of Governmental Activities in the Statement of Net Position	\$ 20,939,661

# City of Nichols Hills Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2024

	General Fund	Debt Service Fund	Capital Improvement Fund	GO Bond Fund	Park Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ -	\$ 5,845,086	\$ -	\$ -	\$ -	\$ -	\$ 5,845,086
Taxes	7,484,555	-	-	-	-	16,726	7,501,281
Fees and fines	140,009	-	-	-	-	-	140,009
Licenses and permits	317,897	-	-	-	-	-	317,897
Intergovernmental	769,119	-	266,121	-	-	34,354	1,069,594
Charges for services	1,272,111	-	-	-	-	-	1,272,111
Investment earnings	284,568	162,359	153,066	881,346	28,972	17,542	1,527,853
Miscellaneous	339,406	-	24,568	-	-	=	363,974
Donations	<u> </u>				323,120		323,120
Total revenues	10,607,665	6,007,445	443,755	881,346	352,092	68,622	18,360,925
EXPENDITURES							
Current:							
General government	3,178,395	3,802	-	8,064	-	=	3,190,261
Public safety	6,080,013	-	-	-	-	-	6,080,013
Highways and streets	519,142	-	-	-	-	-	519,142
Public works	1,262,077	-	-	-	-	=	1,262,077
Culture and recreation	252,148	-	-	-	10,575	-	262,723
Debt service:							
Principal	-	4,605,000	-	-	-	-	4,605,000
Interest and other charges	-	1,392,888	-	-	-	-	1,392,888
Bond issuance costs	-	-	-	98,404	-	-	98,404
Capital outlay	80,479	-	579,459	6,979,443	59,986	-	7,699,367
Total expenditures	11,372,254	6,001,690	579,459	7,085,911	70,561		25,109,875
Excess (deficiency) of revenues over							
expenditures	(764,589)	5,755	(135,704)	(6,204,565)	281,531	68,622	(6,748,950)
OTHER FINANCING SOURCES (USES)							
Issuance of debt	-	-	-	7,020,000	-	-	7,020,000
Premium on issuance of debt	-	-	-	280,800	-	-	280,800
Transfers in	2,534,255	-	2,277,578	· <u>-</u>	-	-	4,811,833
Transfers out	(2,277,578)	-	-	-	-	-	(2,277,578)
Total other financing sources and uses	256,677		2,277,578	7,300,800			9,835,055
Net change in fund balances	(507,912)	5,755	2,141,874	1,096,235	281,531	68,622	3,086,105
Fund balances - beginning	6,508,397	398,747	2,755,995	14,946,024	353,582	314,275	25,277,020
Fund balances - ending	\$ 6,000,485	\$ 404,502	\$ 4,897,869	\$ 16,042,259	\$ 635,113	\$ 382,897	\$ 28,363,125

## **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, 2024

Net change in fund balances - total governmental funds:	\$ 3,086,105
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	5,490,314
Depreciation expense	(2,722,387)
Loss on disposal of capital asset	(11,812) 2,756,115
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.	 (850,328)
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	 (180,486)
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	(7,020,000)
General obligation bond principal payments	4,605,000
Change in bond premium	(31,469)
Change in deferred inflow on refunding Change in bond discount	5,505 (1,084)
	(2,442,048)
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	(163,435)
Net pension obligation	586,657
Total OPEB liability	 (70,097)
	 353,125
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	 24,765
Change in net position of Governmental Activities	\$ 2,747,248

# City of Nichols Hills Statement of Net Position Proprietary Fund June 30, 2024

	Enterprise Fund	
	Nichols Hills Municipal Authority	Internal Service Fund
ASSETS		
Current assets:	4 700 505	
Cash and cash equivalents	\$ 1,768,565	\$ 152,282
Investments	2,375,000	-
Accounts receivable, net	808,216	-
Accrued interest receivable  Total current assets	16,115	152.282
Non-current assets:	4,967,896	152,282
Restricted cash and cash equivalents	33,660	
Net pension asset	42,196	-
Capital assets:	42,130	_
Non-depreciable assets	2,711,889	_
Depreciable assets, net	16,954,931	_
Total non-current assets	19,742,676	
Total assets	24,710,572	152,282
DEFERRED OUTFLOWS OF RESOURSES:		
Deferred amounts related to OPEB	42,196	_
Deferred amounts related to pensions	261,474	_
'	303,670	
LIABILITIES Current liabilities:		
Accounts payable	142,472	-
Due to other funds	85,918	-
Compensated absences, current portion	5,418	- 02 442
Claims and judgments Notes payable, current portion	933	63,113
Total current liabilities	234,741	63,113
Non-current liabilities:	234,741	03,113
Compensated absences	48,759	-
Meter deposit liability	33,660	-
Notes payable, non-current portion	13,471	-
OPEB liability	111,901	
Total non-current liabilities	207,791	
Total liabilities	442,532	63,113
DEFERRED INFLOWS OF RESOURCES:		
Deferred amounts related to OPEB	43,784	-
Deferred amounts related to pensions	22,417	
	66,201	
NET POSITION		
Net investment in capital assets	19,652,416	-
Restricted for pension	42,196	-
Unrestricted	4,810,897	89,169
Total net position	\$ 24,505,509	\$ 89,169

# City of Nichols Hills Reconciliation of the Proprietary Funds Balance Sheet to the Statement of Net Position June 30, 2024

Total net position, proprietary funds 24,505,509

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

Internal service funds' net position 8,917

Net Position of Business-Type Activities in the Statement of Net Position

ement of Net Position \$
See accompanying notes to the basic financial statements 24,514,426

# City of Nichols Hills Statement of Revenues, Expenses and Change in Fund Net Position Proprietary Fund For the Year Ended June 30, 2024

	Enterprise Fund		
	Nichols Hills Municipal Authority	Internal Service Fund	
REVENUES	<del></del>		
Charges for services:			
Water charges	\$ 3,643,313	\$ -	
Wastewater charges	1,453,486	-	
Water taps	29,558	-	
Penalties	14,301	-	
Health insurance charge	-	1,142,060	
Miscellaneous revenue	12,756	50,179	
Total operating revenues	5,153,414	1,192,239	
OPERATING EXPENSES			
Administrative	848,154	2,017	
Water and wastewater operations	1,515,104	-	
Insurance claims and expenses	-	1,178,842	
Depreciation expense	1,816,654	-	
Total operating expenses	4,179,912	1,180,859	
Operating income	973,502	11,380	
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	211,856	16,135	
Interest expense	(1,140)	-	
Total non-operating revenues (expense)	210,716	16,135	
Income before contributions and transfers	1,184,218	27,515	
Capital contributions	2,656,296	-	
Transfer out	(2,534,255)	-	
Change in net position	1,306,259	27,515	
Total net position- beginning	23,199,250	61,654	
Total net position - ending	\$ 24,505,509	\$ 89,169	

# City of Nichols Hills Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Proprietary Funds to the Statement of Activities For the Year Ended June 30, 2024

Net change in net position - total proprietary funds:	\$	1,306,259
Amounts reported for Business-Type Activities in the Statement of Activities are different because:		
Internal service fund activity is reported as a proprietary fund in the fund financial statements, but certain net revenues are reported in Business-Type Activities on the Statement of Activities		
Change in net position for internal service funds		2,751
Change in net position of Business-Type Activities  See accompanying notes to the ba	\$ asic financ	1,309,010 cial statements

#### City of Nichols Hills Statement of Cash Flow Proprietary Fund For the Year Ended June 30, 2024

	Ent	erprise Fund		
	Ī	ichols Hills Municipal Authority	-	nternal vice Fund
CASH FLOWS FROM OPERATING ACTIVITIES Receipts from customers	\$	4,978,381	\$	
Payments to suppliers	Φ	(1,640,027)		1,179,105)
Payments to employees		(928,593)	,	-
Receipts of customer meter deposits		20,650		-
Refunds of customer meter deposits		(14,750)		-
Interfund receipts/payments Other income		(152)		50,179
Health insurance charge		-		1,158,297
Net cash provided by operating activities		2,415,509		29,371
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds		(2,534,255)		-
Net cash provided by (used in) noncapital financing activities		(2,534,255)		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVIES				
Purchases of capital assets		(150,021)		-
Principal paid on debt		(899)		-
Interest and fiscal agent fees paid on debt  Net cash provided by (used in) capital and related financing activities		(1,139) (152,059)		<u> </u>
Net cash provided by (used in) capital and related infancing activities		(132,039)		
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments		265,064		40 405
Interest and dividends  Net cash provided by investing activities		245,052 510,116		16,135 16,135
		0.0,0		
Net increase in cash and cash equivalents		239,311		45,506
Balances - beginning of year		1,562,914		106,776
Balances - end of year	\$	1,802,225	\$	152,282
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$	1,768,565	\$	152,282
Restricted cash and cash equivalents - non-current		33,660		
Total cash and cash equivalents, end of year	\$	1,802,225	\$	152,282
Reconciliation of operating income to net cash provided by operating activities:				
Operating activities:	\$	973,502	\$	11,380
Adjustments to reconcile operating income to net cash provided				
by operating activities:  Depreciation expense		1,816,654		_
Change in assets, liabilities and deferrals:		1,010,034		_
Due to other funds		(152)		-
Total OPEB liability and deferred amounts		8,155		-
Accounts receivable		(175,033)		16,237
Accounts payable  Net pension asset and deferred amounts		(247,640) 33,776		-
Deposits subject to refund		5,900		-
Accrued compensated absences		347		-
Claims liability		-		1,754
Net cash provided by operating activities	\$	2,415,509	\$	29,371
Noncash Activities:				
Contributed capital assets	\$	2,656,296	\$	

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

- A. FINANCIAL REPORTING ENTITY
- **B. BASIS OF PRESENTATION**
- C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING
- D. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND EQUITY
- E. REVENUES, EXPENDITURES AND EXPENSES
- F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES
- G. USE OF ESTIMATES
- H. PENSIONS AND OPEB

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

- A. FUND ACCOUNTING REQUIREMENTS
- **B. REVENUE RESTRICTIONS**
- C. DEBT RESTRICTIONS AND COVENANTS
- D. FUND EQUITY/NET POSITION RESTRICTIONS

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

- A. CASH AND INVESTMENTS
- **B. RESTRICTED ASSETS**
- C. ACCOUNTS RECEIVABLE
- D. CAPITAL ASSETS
- E. LONG-TERM DEBT AND OBLIGATIONS
- F. INTERFUND TRANSACTIONS AND BALANCES
- G. LEASE RECEIVABLE

#### NOTE 4. OTHER NOTES

- A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS
- **B. RISK MANAGEMENT**
- C. COMMITMENTS AND CONTINGENCIES

#### 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.

Component Unit	Brief Description/Inclusion Criteria	Reporting Fund
Nichols Hills Municipal Authority (NHMA)	Created December 29, 1987, to finance, develop and operate the water and wastewater 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.

## 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: Non-Major:

General Fund Special Revenue Funds:
Street and Alley Fund

Debt Service 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-

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

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.

## **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, 2024, 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 with 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 and 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

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.

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, 2024, the City's net assessed valuation of taxable property was \$195,834,937. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2024 were \$31.67.

#### 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.

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

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

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)

Municipal Authority Fund

State Law

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:

Revenue Source Legal Restrictions of Use

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, 2024, the City complied with the legal debt limit. Of the \$44,390,000 outstanding general obligation bonded debt, all but \$9,409,033 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.

## 3.A. CASH AND INVESTMENTS

The City of Nichols Hills held the following deposits and investments at June 30, 2024:

Type of Deposits and Investments	<u>Value</u>
Demonitor	
Deposits:	
Demand deposits	\$ 10,907,237
Time deposits	22,369,819
<b>Total Deposits and Investments</b>	\$ 33,277,056
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 10,907,237
Investments	22,369,819
	\$ 33,277,056
Cash and cash equivalents	22,369,819

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, 2024, 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 instate 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.

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, 2024, 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, 2024, 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, 2024 were as follows:

Type of Restricted Assets	Proprietary Fund		<u>Governmental</u>
Utility Deposits	\$28,460	Demo Deposit	\$ <u>74,820</u>
Fire Hydrant Meter Deposit	<u>5,200</u>		
	\$33,660		

## 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, 2024 is as follows:

-	Business-Type		Governmental
Service receivables	\$837,590	Court receivable	\$1,359,986
Allowance for doubtful accounts	(29,374)	Allowance for doubtful account	ınts (1,145,686)
Total accounts receivable	\$808.216	Total accounts receivable	\$214,300

# 3.D. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	Balance at			Balance at
	July 1, 2023	Additions	Disposals	June 30, 2024
Governmental activities:				
Capital assets not being depreciated:				
Land	\$683,674	_	_	\$683,674
Construction in progress	6,451,523	4,413,864	7,234,730	3,630,657
Total capital assets not being depreciated	7,135,197	4,413,864	7,234,730	4,314,331
Other capital assets:				
Buildings	3,925,189	3,835,060	-	7,760,249
Improvements	1,294,280	1,823,062	12,967	3,104,375
Machinery, furniture and equipment	6,392,581	838,454	462,564	6,768,471
Infrastructure	42,775,831	1,814,603		44,590,434
Total other capital assets at historical cost	54,387,881	8,311,179	475,531	62,223,529
Less accumulated depreciation for:	1 405 100	221 ((2		1 726 771
Buildings Improvements	1,405,109 565,880	331,662 113,883	12,967	1,736,771 666,796
Machinery, furniture and equipment	4,107,175	603,335	450,752	4,259,758
Infrastructure	16,783,342	1,673,506	-	18,456,848
Total accumulated depreciation	22,861,506	2,722,386	463,719	25,120,173
Other capital assets, net	31,526,375	5,588,793	11,812	37,103,356
Governmental activities capital assets, net	\$38,661,572	\$10,002,657	\$7,246,542	\$41,417,687
1 ,				
	Balance at			Balance at
	July 1, 2023	Additions	Disposals	June 30, 2024
Business-type activities:	July 1, 2023	Additions	Disposais	June 30, 2024
Capital assets not being depreciated:				
Land	\$207,742			\$207,742
Construction in progress	1,817,431	2,384,275	1,697,559	2,504,147
Total capital assets not being depreciated	2,025,173	2,384,275	1,697,559	2,711,889
Other capital assets:	2,023,173	2,364,273	1,097,339	2,/11,009
Buildings	1 012 256	1 670 563		2 592 010
Improvements	1,913,356 34,524	1,670,563 9,590	5,825	3,583,919 38,289
Machinery, furniture and equipment	2,195,235	221,737	37,793	2,379,179
Utility improvements	43,161,699	217,711	51,175	43,379,410
Water rights	93,783	217,711	-	93,783
Total other capital assets at historical cost	47,398,597	2,119,601	43,618	49,474,580
Less accumulated depreciation for:	47,376,377	2,117,001	45,010	47,474,300
Buildings	1,001,468	140,004		1,141,472
· ·		ŕ	5 925	
Improvements	16,506	3,376	5,825	14,057
Machinery, furniture and equipment	1,874,983	245,185	37,793	2,082,375
Utility improvements	27,791,259	1,425,912	-	29,217,171
Water rights	62,397	2,177	- 42 (10	64,574
Total accumulated depreciation	\$30,746,613	\$1,816,654	43,618	\$32,519,649
Other capital assets, net	16,651,984	302,947		16,954,931
Business-type activities capital assets, net	\$18,677,157	\$2,687,222	1,697,559	\$19,666,820

Depreciation expense was charged to functions in the Statement of Activities as follows:

Governmental	Activities:
--------------	-------------

General Government	\$336,585
General Government	
Public Safety	455,849
Highways and Streets 1	,366,072
Culture and Recreation	212,628
Public Works	351,252
Total depreciation expense for governmental activities \$2	,722,386

Business-Type Activities:

Water \$1,298,587 Wastewater  $\frac{518,067}{1,816,654}$ 

## 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, 2024, 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%.	1,750,000
\$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%.	2,100,000
\$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%.	1,750,000
\$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%.	2,000,000
\$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%.	5,850,000
\$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%.	6,500,000
\$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%.	2,970,000
\$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%.	6,050,000

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%.	8,400,000
\$7,020,000 General Obligation Bonds, Series 2024, due in annual installments of \$585,000 through July 1, 2037, with interest 1.0% to 4.0% with final payment of \$585,000 due July 1, 2037, with interest at 4.0%.	<u>7,020,000</u>
Total General Obligation Bonds Payable Less Unamortized Bond Discount Add Unamortized Bond Premium Net General Obligation Bonds Payable	\$44,390,000 (9,214) <u>1,660,880</u> <u>46,041,666</u>
Current portion Non-current portion General Obligation Bonds Payable  Accrued Compensated Absences:	\$4,910,000 41,131,666 \$46,041,666
Current portion Non-current portion Total Accrued Compensated Absences	\$80,049 _720,444 \$800,493

## **Business-Type Activities**

At June 30, 2024, 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	\$933
Non-current portion	13,471
Water Rights Payable	<u>\$14,404</u>
Accrued Compensated Absences:	
Current portion	\$5,418
Non-current portion	48,759
Total Accrued Compensated Absences	\$54,177

## Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2024:

Type of Debt	Balance July 1, 2023	Additions	Ξ	Deductions	_	Balance e 30, 2024	_	Amount Oue Within One Year
Governmental Actitivites:								
General Obligation Bonds Payable	\$ 41,975,000	\$ 7,020,000	\$	4,605,000	\$ 44	1,390,000	\$	4,910,000
Plus: Premium on Bonds	1,619,113	280,800		248,247		1,651,666		259,047
Accrued Compensated Absences	637,058	 590,514		427,079		800,493		80,049
Total Governmental Activities	\$ 44,231,171	\$ 7,891,314	\$	5,280,326	\$ 40	5,842,159	\$	5,249,096
Business-Type Activities:								
Water Rights - direct borrowing	\$ 15,303	\$ -	\$	899	\$	14,404	\$	933
Accrued Compensated Absences	53,830	 75,714		75,367		54,177		5,418
Total Business-Type Activities	\$ 69,133	\$ 75,714	\$	76,266	\$	68,581	\$	6,351

Governmental accrued compensated absences are liquidated by the General Fund.

# Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2024, are as follows:

	Government	al Activities	Business-Typ	e Activities
Year Ended	G.O. Bond	G.O. Bonds Payable		irect borrowing
June 30,	<u>Principal</u>	Interest	<u>Interest</u> <u>Principal</u>	
2025	4,910,000	1,579,938	933	567
2026	5,310,000	1,233,913	967	533
2027	4,950,000	1,046,538	1,003	497
2028	4,555,000	885,688	1,041	459
2029	4,335,000	740,113	1,080	420
2030-2034	16,625,000	2,046,775	6,031	1,469
2035-2037	3,705,000	267,750	3,349	358
Totals	\$44,390,000	\$7,800,715	\$14,404	\$4,303

# 3.F. INTERFUND TRANSACTIONS AND BALANCES

Interfund receivables and payables at June 30, 2024 were as follows:

Payable To	Receivable	From	A	mount	Purpose		
General Fund	Municipal Auth	ority	\$	85,918 85,918	Sanitation revenues to be	e transferred to General Fund	
Reconciliation to Fund	Financial Statemen	ıts:					
	Due T	0	Dι	ue From	Net Inter	mal Balances	
Governmental Funds	¢	05.010	\$		\$	05.010	
Governmentar i unus	Э	85,918	Φ	-	Ф	85,918	
Proprietary Funds	\$	85,918	Φ	(85,918)	J)	(85,918)	

Interfund transfers for the year ended June 30, 2024, were as follows:

Transfer From	Transfer To	Amount	Purpose	<u> </u>		
Municipal Authority Fund General Fund	General Fund Capital Improvement Fund	\$ 2,534,255 2,277,578 \$ 4,811,833	Trust indenture requir Transfer of capital pro	•		
Reconciliation to Fund Fi	nancial Statements/Stateme	nt of Activities:				
			Contributed	Non-Capital		
	Transfers In	Transfers Out	Capital Transfer	Transfer	Net T	ransfers
Governmental Funds	\$ 4,811,833	\$ (2,277,578)	\$ (1,946,296	\$ (106,857)	\$	481,102
Proprietary Funds	-	(2,534,255)	1,946,296	106,857		(481,102)
-	\$ 4,811,833	\$ (4,811,833)	\$	- \$ -	\$	_

# 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 \$156,055.

## **NOTE 4. OTHER NOTES**

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

The City participates in three employee pension systems as follows:

Name of Plan/System	Type of Plan
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:

	Governmental			Business-type		
		Activities		Activities		Plan Totals
Net Pension Asset:	_					
OkMRF	\$	167,013	\$	42,196	\$	209,209
Police		107,826		-		107,826
Total	\$	274,839	\$	42,196	\$	317,035
Net Pension Liability:						
Firefighters	\$	4,544,827	\$	-	\$	4,544,827
Total	\$	4,544,827	\$	-	\$	4,544,827
Deferred Outflows of Resourc	es:					
OkMRF	\$	988,261	\$	261,474	\$	1,249,735
Police		1,048,417		-		1,048,417
Firefighters		1,167,078		-		1,167,078
Total	\$	3,203,756	\$	261,474	\$	3,465,230
Deferred Inflows of Resources	s:					
OkMRF	\$	90,715	\$	22,417	\$	113,132
Police		240,647		-		240,647
Firefighters		288,823		_		288,823
Total	\$	620,185	\$	22,417	\$	642,602
Pension Expense:						
OkMRF	\$	353,620	\$	89,342	\$	442,962
Police	-	285,692	Ŧ	-	~	285,692
Firefighters		835,659		_		835,659
Total	\$	1,474,971	\$	89,342	\$	1,564,313

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

## Oklahoma Police Pension and Retirement System

<u>Plan description</u> - 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, 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 <a href="https://www.ok.gov/OPPRS">www.ok.gov/OPPRS</a>

<u>Benefits provided</u> - 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.

<u>Contributions</u> - 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 \$196,767. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$206,795 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 \$156,958. 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, 2024, the City reported an asset of \$107,826 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2023. 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, 2023. Based upon this information, the City's proportion was 0.353064%.

For the year ended June 30, 2024, the City recognized pension expense of \$288,261. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		red Outflows Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$	295,173	\$	16,629	
Changes of assumptions	Ψ	-	•	201,268	
Net Difference between projected and actual earnings on plan investments Changes in Proportion Contributions during measurement date		534,234 21,021 1,222		- 19,164 3,586	
City benefit payments subsequent to the measurement date Total	\$	196,767 1,048,417	\$	240,647	

In the year ending June 30, 2024, \$196,767 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:	
2025	\$ 98,057
2006	601
2027	415,872
2028	95,635
2029	 838
	\$ 611,003

<u>Actuarial Assumptions</u>-The total pension liability was determined by an actuarial valuation as of July 1, 2023, 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 and inactive vested members: PubS-2010 Employee (Below Median)

Mortality Table with rates set forward 2 years and projected generationally

using SOA Scale MP-2021.

Healthy retirees: PubS-2010 Healthy Retiree (Below Median) Mortality Table with rates set forward 2 years and projected generationally using SOA scale

MP-2021.

Beneficiaries: Pub-2010 Contingent Survivor (Below Median) Mortality Table with rates set forward 2 years and projected generationally using SOA

Scale MP-2021.

Disabled retirees: PubS-2010 Disabled Retiree Mortality Table with rates

projected to 2023 using SOA Scale MP-2021.

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2017, to June 30, 2022.

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, 2023, are summarized in the following table:

	Long-Term Expected
Asset Class	Real Rate of Return
Fixed income	5.78%
Domestic equity	7.73%
International equity	11.55%
Real estate	7.66%
Private Equity	11.64%

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.

<u>Discount Rate</u>-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.

<u>Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate</u>. 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:

	 (6.5%)	Ra	ate (7.5%)	(8.5%)
Employers' net pension liability (asset)	\$ 1,018,054	\$	(107,826)	\$ (1,061,093)

<u>Pension plan fiduciary net position</u> - 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 <u>www.opprs.ok.gov</u>.

## Oklahoma Firefighter's Pension and Retirement System

<u>Plan description</u> - 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 <a href="www.ok.gov/fprs">www.ok.gov/fprs</a>

<u>Benefits provided</u> - 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.

<u>Contributions</u> - 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 \$217,661. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$495,168 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 \$402,585. 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, 2024, the City reported a liability of \$4,544,827 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportion of 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, 2023. Based upon this information, the City's proportion was 0.352244%.

For the year ended June 30, 2024, the City recognized pension expense of \$835,659. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	rred Outflows Resources	Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 540,506	\$	5,770
Changes of assumptions	-		7,287
Net Difference between projected and actual earnings on plan investments	299,818		-
Changes in Proportion Contributions during measurement	103,002		267,688
date	6,091		8,078
City benefit payments subsequent to the measurement date	217,661		_
Total	\$ 1,167,078	\$	288,823

In the year ending June 30, 2024, \$217,661 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:

\$ 244,412
31,392
438,146
(53,356)
-
\$ 660,594
\$

<u>Actuarial Assumptions</u>- The total pension liability was determined by an actuarial valuation as of July 1, 2023, 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, 2023, 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 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, 2023, are summarized in the following table:

Asset Class	Target <u>Allocation</u>	Long-Term Expected Real Rate of Return
Fixed income	20%	5.80%
Domestic equity	47%	9.49%
International equity	15%	11.55%
Real estate	10%	8.48%
Other assets	8%	6.47%

<u>Discount Rate</u>- 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.

<u>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</u>. 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:

	1% Decrease		1% Decrease Current Discount		1	% Increase	
		(6.5%)		Rate (7.5%)		(8.5%)	
Employers' net pension liability	\$	5,922,107	\$	4,544,827	\$	3,393,058	

<u>Pension plan fiduciary net position</u> - 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 <u>www.ofprs.ok.gov</u>.

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

As of 07/01/23

## Eligibility Factors and Benefit Provisions

Provision	OkMRF Plan
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. <u>Employees Covered by Benefit Terms</u> Active Employees Deferred Vested Former Employees Retirees or Retiree Beneficiaries Total	44 3 21 68

## 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 4.49% of covered payroll as of July 1, 2023; however, management elected to contribute 8.0% of covered payroll as of July 1, 2023. The City recognized \$275,127 of employer contributions to the plan which exceeds the actuarially determined amount based on covered payroll of \$3,439,091. Employees' contribution is 11% of covered

payroll as of July 1, 2023.

#### E. Actuarial Assumptions

Date of Last Actuarial Valuation
a. Actuarial cost method

July 1, 2023
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

November 2022 for fiscal years 2017 thru

F. <u>Discount Rate</u> – 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 buildingblock 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%). 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, 2023 are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
Large cap stocks S&P 500	25%	4.55%	1.14%
Small/mid cap stocks Russell 2500	10%	5.00%	0.50%
Long/short equity MSCI ACWI	5%	6.05%	0.30%
International stocks MSCI EAFE	20%	6.20%	1.24%
International equity MSCI EM net div	5%	6.40%	0.32%
Fixed income bonds Barclay's Capital Aggregate	20%	2.55%	0.51%
Real estate NCREIF	15%	4.95%	0.74%
Cash equivalents 3 month Treasury	0%	15.00%	0.00%
TOTAL	100%		
Average Real Return Inflation Long-term expected return			4.75% 2.75% 7.50%

G. <u>Changes in Net Pension Liability (Asset)</u> – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2023 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, 2023 and the City's report ending date of June 30, 2024, 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 CHANG	SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)			
		Increase (Decrease)			
Balances Beginning of Year	Total Pension Liability (a) \$ 11,650,271	Plan Net Position (b) \$ 11,553,913	Net Pension Liability (Asset) (a) - (b) \$ 96,358		
Changes for the Year:					
Service cost	493,618	-	493,618		
Interest expense	854,432	=	854,432		
Benefit changes	(42,918)		(42,918)		
Difference between expected and actual experience	=	=	-		
Changes of assumptions	-	-	-		
ContributionsCity	=	243,651	(243,651)		
Contributionsmembers	-	335,021	(335,021)		
Net investment income	=	1,057,815	(1,057,815)		
Benefits paid	(525,176)	(525,176)	-		
Benefit changes due to plan amendments	=	=	=		
Plan administrative expenses		(25,788)	25,788		
Net Changes	779,956	1,085,523	(305,567)		
Balances End of Year	\$ 12,430,227	\$ 12,639,436	\$ (209,209)		

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%	(	Current	1%
		crease		Discount	Increase
	(6	.50%)	Rat	e (7.50%)	 (8.50%)
Net Pension Liability (Asset)	\$ 1	,015,194	\$	(209,209)	\$ (1,240,733)

The City reported \$442,962 in pension expense for the year ended June 30, 2024. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Defer	red Outflows	Defer	red Inflows
	of Resources		of Resources	
Differences between expected and actual experience	\$	17,512	\$	81,802
Changes of assumptions		277,526		-
Net difference between projected and actual earnings				
on pension plan investments		660,524		-
Changes in proportion and differences between City contributions				
and proportionate share of contributions		18,119		18,119
City contributions during measurement date		927		13,211
City contributions subsequent to the measurement date		275,127		
Total	\$	1,249,735	\$	113,132

Amortization of Pension Deferrals: In the year ending June 30, 2024, \$275,127 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 or addition to the net pension liability (asset) 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:			
2025	\$	266,309	
2026		152,915	
2027		492,407	
2028		(49,582)	
2029		(573)	
	\$	861,476	

#### H. Related Party Investments

As of June 30, 2024, the Systems held no related-party investments of the City or of its related entities.

## City of Nichols Hills Other Postemployement Benefits Plan

<u>Plan description</u> – 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.

<u>Benefits provided</u> – 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.

<u>Employees covered by benefit terms</u> - At June 30, 2024 the following employees were covered by the benefit terms:

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

<u>Total OPEB Liability</u> – The City's total OPEB liability of \$1,027,161 was measured as of June 30, 2023 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, 2023, 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>	Rate
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%

Retirement Rate		
Police	Fire	
20%	11%	
6%	6%	
6%	6%	
6%	6%	
10%	11%	
20%	17%	
10%	17%	
10%	17%	
10%	17%	
15%	17%	
100%	24%	
100%	24%	
100%	24%	
100%	24%	
100%	29%	
100%	100%	
	Police  20% 6% 6% 6% 10% 20% 10% 10% 10% 10% 100% 100%	

- 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)	
Balances Beginning of Year	\$	943,635
Changes for the Year:		75 (00
Service cost Interest expense		75,608 38,270
Difference between expected and actual experience (amortized over avg remain svc period of actives &	inact	-
Changes of assumptions	11100	-
Benefits paid		(30,352)
Other changes		-
Net Changes		83,526
Balances End of Year	\$	1,027,161

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.

<u>Sensitivity of the Total OPEB Liability to Changes in the Discount Rate</u>. 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

	1	1% Decrease (3.09%)		errent Discount Rate (4.09%)	1% Increase (5.09%)	
Employers' total opeb liability	\$	1,151,841	\$	1,027,161	\$	917,996

<u>Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate</u>. 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:

		Healthcare Cost							
	19	6 Decrease	Т	rend Rates	1% Increase				
	<u>(4.94% ş</u>	grading to 2.94%)	(5.94%)	grading to 3.94%)	(6.94% g	(6.94% grading to 4.94%)			
Employers' net opeb liability	\$	903,104	\$	1,027,161	\$	1,175,355			

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

For the year ended June 30, 2024, the City recognized OPEB expense of \$163,962. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	 d Outflows of esources	Deferred Inflows of Resources	
Differences between expected and actual			
experience	\$ 113,256	\$	47,070
Changes of assumptions	161,343		303,954
Changes in proportion and differences between City contributions and proportionate share of			
contributions	12,304		12,359
City contributions during measurement date Benefit payments subsequent to the measurement	241		18,227
date	 30,352		=
Total	\$ 317,496	\$	381,610

The \$30,352 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:

Y	ear	enaea	June	30:

2025	\$ (20,015)
2026	(14,696)
2027	(6,679)
2028	4,342
2029	(4,313)
Thereafter	 (53,105)
Total	\$ (94,466)

## 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:

Type of Loss	Method Managed	Risk of Loss Retained
a. Torts, errors and omissions, asset loss and natural disasters	Purchased commercial insurance	None
<ul><li>b. Worker's Compensation</li><li>Employee injuries</li></ul>	Participates in Oklahoma Municipal Assurance Group (OMAG) risk entity pool. Participant fee includes an	(1)
	actuarially determined amount held by OMAG as the loss reserve fund, to pay claims incurred. Claims are administered by CompSource.	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.
- Life	Purchased commercial insurance	None

Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

## (1) Oklahoma Municipal Assurance Group (OMAG) Worker's Compensation Plan

The title to all assets acquired by the Plan are vested in the Plan. In the event of termination of the Plan, such property shall belong to the then members of the Plan in equal shares. Each participating city pays for all costs, premiums, or other fees attributable to its respective participation in the Plan, policy or service established under the agreement establishing the Oklahoma Municipal Assurance Group, and is responsible for its obligations under any contract entered into with the Plan.

Reserves for policy and contract claims provide for reported claims on a case basis and a provision for incurred but not reported claims limited to specific retention levels for each member as outlined in the Plan's reinsurance agreement.

The Plan's worker's compensation coverage is reinsured for losses in excess of respective retention levels. The reinsurance agreement covers losses incurred within the effective period of the agreement. Each Plan member's liability for claims losses is limited to their individual retention levels as outlined in the Plan's reinsurance agreement.

## 4.C. COMMITMENTS AND CONTINGENCIES

## Commitments:

## **Construction Contracts**

The City is involved in the following construction contracts at June 30, 2024:

	Payable <u>Fund</u>	Original <u>Contract</u>	Outstanding Balance at June 30, 2024
PC-2301 Paving Project	GO Bond Fund	\$1,181,688	\$327,123
PC-2302 Paving Project	GO Bond Fund	\$1,067,265	\$673,815
WC-2101 Water Treatment	GO Bond Fund	\$3,498,000	\$2,032,616

## Contingencies:

## Litigation

The City is a party to various legal proceedings which normally occur in the course of governmental operations. State statutes provide for the levy of an ad valorem tax over a three-year period by the City's "Sinking Fund" for the payment of any court-assessed judgment rendered against the City. This provision is not applicable to the Nichols Hills Municipal Authority.

## CITY OF NICHOLS HILLS, OKLAHOMA BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) -GENERAL FUND Required Supplementary Information For the year ended June 30, 2024

	Budgeted A	Budgeted Amounts		Variance with Final Budget	
	Original	Final	Amounts	Positive (Negative)	
Beginning Budgetary Fund Balance:	\$4,950,000	\$4,950,000	\$5,865,506	\$915,506	
Resources (Inflows):					
Taxes:	0.000.000	0.000.000	0.000.700	404 700	
Sales and use tax	6,399,096	6,399,096	6,860,796	461,700	
Cigarette tax Franchise tax	36,903 390,089	36,903 390,089	35,692 356,636	(1,211) (33,453)	
Total Taxes	6,826,088	6,826,088	7,253,124	427,036	
ntergovernmental:					
Alcoholic beverage tax	9,908	9,908	10,058	150	
Grant revenue	-	-	56,147	56,147	
Total Intergovernmental	9,908	9,908	66,205	56,297	
Charges for services:					
Garbage charges	1,022,530	1,022,530	1,116,511	93,981	
Ambulance charges	59,389	59,389	62,921	3,532	
Total Charges for Services	1,081,919	1,081,919	1,179,432	97,513	
ines and Forfeitures	115,587	115,587	124,195	8,608	
icenses and Permits:					
Building permits	97,917	97,917	136,365	38,448	
Plumbing permits	31,967	31,967	39,836	7,869	
Plumbing licenses Animal licenses	23,845 342	23,845 342	26,800 380	2,955 38	
Electrical licenses	12,540	12,540	12,275	(265)	
Electrical licenses Electrical permits	26,162	26,162	23,231	(2,931)	
General contractor registration	20,805	20,805	24,750	3,945	
Inspections	32,167	32,167	28,640	(3,527)	
Alcohol licenses	15,979	15,979	10,315	(5,664)	
Miscellaneous	10,742	10,742	15,305	4,563	
Total Licenses and Permits	272,466	272,466	317,897	45,431	
nvestment Income	107,154	107,154	200,284	93,130	
/liscellaneous:					
Lease revenue	286,485	286,485	239,788	(46,697)	
Other	135,369	135,369	100,881	(34,488)	
Total Miscellaneous	421,854	421,854	340,669	(81,185)	
Other Financing Sources:					
Transfers from other funds	2,534,255	2,534,255	2,534,255		
Total Other Financing Sources	2,534,255	2,534,255	2,534,255	<del></del>	
Total Resources (Inflows)	11,369,231	11,369,231	12,016,061	646,830	
Amounts available for appropriation	16,319,231	16,319,231	17,881,567	1,562,336	
				(Continued)	

# CITY OF NICHOLS HILLS, OKLAHOMA BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) GENERAL FUND Required Supplementary Information For the year ended June 30, 2024

(Continued)

	Budgeted	Amounts	Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Charges to Appropriations (Outflows):				
GENERAL GOVERNMENT:				
Council	785	785	782	3
Manager/Clerk	960,942	976,613	958,085	18,528
Treasurer	1,307	1,307	1,304	3
Attorney	200,000	284,500	283,945	555
Engineer	90,000	245,000	230,303	14,697
Building and Code Division	449,333	539,879	490,430	49,449
Safety/Risk	221,871	229,320	219,874	9,446
General Government	1,011,669	806,969	688,127	118,842
Information Systems	585,100	597,103	517,594	79,509
TOTAL GENERAL GOVERNMENT	3,521,007	3,681,476	3,390,444	291,032
PUBLIC SAFETY:				
Court	129,803	133,881	132,362	1,519
Police	3,215,868	3,238,961	2,972,878	266,083
Fire	2,372,875	2,566,446	2,539,030	27,416
TOTAL PUBLIC SAFETY	5,718,546	5,939,288	5,644,270	295,018
HIGHWAYS AND STREETS	479,557	585,571	570,165	15,406
PUBLIC WORKS:				
Sanitation	1,095,249	1,117,970	1,060,326	57,644
Public Works	277,549	304,472	298,830	5,642
TOTAL PUBLIC WORKS	1,372,798	1,422,442	1,359,156	63,286
PARKS AND RECREATION	2,277,324	1,988,324	1,988,188	136_
Total Charges to Appropriations	13,369,232	13,617,101	12,952,223	664,878
Ending Budgetary Fund Balance	\$ 2,949,999	\$ 2,702,130	\$4,929,344	\$2,227,214

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, 2024

## **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

	General Fund
Sources/Inflows of resources	
Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$12,016,061
Differences – budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for	
financial reporting purposes.	(2,534,255)
State payments made on-behalf of police and fire pension not considered a budgetary resource	701,963
Revenues not considered a budgetary resource	276,789
Other General fund accounts	<u>147,107</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund	
balance – general fund	<u>\$10,607,665</u>

# CITY OF NICHOLS HILLS, OKLAHOMA NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (Continued)

Uses/Outflows of resources Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$12,952,223
Differences – budget to GAAP:	
State payments made on-behalf of police and fire pensions Transfers out to funds are outflows flows of budgetary resources but are not expenditures for	701,963
financial reporting purposes.	(2,277,578)
Expenses not reported as outflows for budgetary purposes	(8,855)
Other General fund accounts	4,501
Total expenditures as reported on the statement of revenues, expenditures, and	11 272 254
changes in fund balance – general fund	11,372,254

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	2024
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%	0.3531%
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)	\$ (107,826)
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	\$ 1,328,331
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%	-8.12%
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%	101.02%

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

	 2015	 2016		2017		2018		2019	2020	 2021	 2022	 2023	 2024
Statutorially required contribution	\$ 94,066	\$ 110,444	\$	118,216	\$	125,470	\$	140,824	\$ 151,718	\$ 155,739	\$ 164,317	\$ 172,683	\$ 196,767
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	\$ 196,767
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	\$ 1,513,592
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%	13.00%

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	2024
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%	0.352244%
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	\$ 4,544,827
City's covered payrol	\$ 898,150	\$ 895,843	\$ 864,721	\$ 891,379	\$ 996,057	\$ 1,484,886	\$ 1,200,493	\$ 1,225,371	\$ 1,300,207	\$ 1,268,429
City's proportionate share of the net pension liability as a percentage of covered payroll	384%	383%	437%	442%	378%	254%	383%	203%	389%	358%
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%	70.85%

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorially required contribution	\$ 125,418	\$ 121,061	\$ 124,793	\$ 139,448	\$ 207,884	\$ 168,069	\$ 171,552	\$ 182,029	\$ 177,580	\$ 217,661
Contributions in relation to the statutorially required contribution	125,418	121,061	124,793	139,448	207,884	168,069	171,552	182,029	177,580	217,661
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	\$ 1,554,721
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%	14.00%

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

	2015	2016		2017		2018	2019		2020	2021		2022		2023		2024
Total pension liability	 	 					 									
Service cost	\$ 231,823	\$ 230,997	\$	337,268	\$	370,729	\$ 333,708	\$	356,868	\$ 381,474	\$	389,739	\$	478,712	\$	493,618
Interest Changes of benefit terms	661,978 (625,513)	614,609		632,759		650,266 77,664	683,585 (4,570)		703,925	737,321		765,602		771,678 (7,232)		854,432
Change in assumptions	(625,513)					//,004	(4,5/0)		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		(42,918)
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)		(525,176)
Net change in total pension liability	 (548,885)	 196,303		335,841	_	649,974	 445,664	_	422,160	275,856		343,993	_	818,573	_	779,956
Total pension liability - beginning	 8,710,792	8,161,907		8,358,210		8,694,051	 9,344,025		9,789,689	10,211,849		10,487,705		10,831,698		11,650,271
Total pension liability - ending (a)	\$ 8,161,907	\$ 8,358,210	\$	8,694,051	\$	9,344,025	\$ 9,789,689	\$	10,211,849	\$ 10,487,705	\$	10,831,698	\$	11,650,271	\$	12,430,227
Plan fiduciary net position																
Contributions - employer	\$ 358,053	\$ 1,443,800	\$	160,198	\$	161,647	\$ 168,663	\$	183,116	\$ 195,261	\$	202,987	\$	210,550	\$	243,651
Contributions - member	196,536	192,467		220,118		222,265	231,911		251,786	268,485		279,107		289,506		335,021
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)		1,057,815
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)		(525,176)
Administrative expense	 (16,324)	 (15,962)	_	(17,813)		(19,450)	 (20,495)	_	(21,358)	(22,217)	_	(22,416)		(23,597)		(25,788)
Net change in plan fiduciary net position	823,395	1,353,563		47,994		853,708	642,547		297,178	115,883		2,916,372		(2,321,305)		1,085,523
Plan fiduciary net position - beginning	6,824,578	7,647,973		9,001,536		9,049,530	9,903,238		10,545,785	10,842,963		10,958,846		13,875,218		11,553,913
Plan fiduciary net position - ending (b)	\$ 7,647,973	\$ 9,001,536	\$	9,049,530	\$	9,903,238	\$ 10,545,785	\$	10,842,963	\$ 10,958,846	\$	13,875,218	\$	11,553,913	\$	12,639,436
Net pension liability (asset)- ending (a) - (b)	\$ 513,934	\$ (643,326)	\$	(355,479)	\$	(559,213)	\$ (756,096)	\$	(631,114)	\$ (471,141)	\$	(3,043,520)	\$	96,358	\$	(209,209)
Plan fiduciary net position as a percentage of the total pension liability	93.70%	107.70%		104.09%		105.98%	107.72%		106.18%	104.49%		128.10%		99.17%		101.68%
Covered payroll	\$ 1,766,759	\$ 1,718,775	\$	2,001,006	\$	2,020,584	\$ 2,108,285	\$	2,288,950	\$ 2,441,125	\$	2,537,335	s	2,631,866	\$	3,045,644
Net pension liability (asset) as a percentage of covered payroll	29.09%	-37.43%		-17.77%		-27.68%	-35.86%		-27.57%	-19.30%		-119.95%		3.66%		-6.87%

Schedule of Employer Contributions Last 10 Fiscal Years

	2015	2016	 2017	 2018	 2019	 2020	 2021	 2022	 2023	 2024
Actuarially determined contribution	\$ 242,519	\$ 282,350	\$ 95,978	\$ 102,673	\$ 90,414	\$ 96,424	\$ 169,240	\$ 175,545	\$ 100,202	\$ 154,415
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	275,127
Contribution deficiency (excess)	\$ (1,201,271)	\$ 122,152	\$ (65,669)	\$ (65,989)	\$ (92,702)	\$ (98,866)	\$ (33,747)	\$ (35,005)	\$ (143,449)	\$ (120,712)
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	\$ 3,439,091
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%	8.0%

### Notes to Schedule:

1. Latest Valuation Date: July 1, 2023

Actuarially determined contribution rate is calculated as of July 1, 2023 for fiscal year 2024 July 2023 through June 2024 the City elected to make contributions at a rate of 8.0%.

3. 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	2024
Total OPEB liability											
Service cost	\$	56,125	\$	56,125	\$	45,553	\$ 43,278	\$	43,278	\$ 75,608	\$ 75,608
Interest		20,799		30,479		30,759	26,646		36,690	25,785	38,270
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 contributions		(18,626)		(19,617)		(53,422)	(21,022)		(21,158)	(40,599)	(30,352)
Pther changes		-		-		-	-		-	4,948	-
Net change in total OPEB liability		(6,835)		28,368		(61,409)	207,915		58,810	(40,802)	83,526
Total OPEB liability - beginning	_	757,907	_	751,072	_	779,440	 718,031	_	925,946	984,756	943,635
Total OPEB liability - ending	\$	751,072	\$	779,440	\$	718,031	\$ 925,946	\$	984,756	\$ 943,954	\$1,027,161
Covered-employee payroll	\$	3,860,000	\$	3,958,168	\$	4,481,000	\$ 4,781,000	\$	4,781,000	\$5,230,000	\$ 5,689,113
Net OPEB liability as a percentage of covered- employee payroll		19.46%		19.69%		16.02%	19.37%		20.60%	18.04%	18.04%

### Notes to Schedule:

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

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, 2024

	Ge	neral Fund	,	esignated Accounts Account	Fun	signated ds Public ss Account	Drair	nage Impact Fees		ound Fee e Account		iter Impact		ver Impact	То	tal General Fund
ASSETS Cash and cash equivalents	\$	1,106,685	\$	43,570	\$	22,262	\$	291,843	\$	43.614	\$	162,725	\$	116,161	\$	1,786,860
Restricted cash and cash equivalents	Ψ	74,820	Ψ	45,570	Ψ	22,202	Ψ	291,043	Ψ	45,014	Ψ	102,723	Ψ	-	Ψ	74,820
Investments		3,200,000		_		_		_		_		_		_		3,200,000
Deposits with insurance pool		73,273		_		_		_		_		_		_		73,273
Receivables:																-,
Accrued interest receivable		51,880		-		-		-		-		-		_		51,880
Due from other funds		85,918		-		-		-		-		-		-		85,918
Due from other governments		1,051,455		-		-		-		-		-		_		1,051,455
Franchise tax receivable		45,294		-		-		-		-		-		-		45,294
Court fines receivable, net		214,300		-		-		-		-		-		-		214,300
Leases		1,266,737		-		-		-		-		-		-		1,266,737
Other		5,336						7,089								12,425
Total assets	\$	7,175,698	\$	43,570		22,262		298,932		43,614		162,725		116,161	\$	7,862,962
Liabilities:  Accounts payable  Due to other governments  Deposit liabilities  Total liabilities  Deferred inflows of resources:  Leases	\$	276,430 2,512 74,820 353,762	\$			- - - -		- - - -		- - -		-		- - - -	\$	276,430 2,512 74,820 353,762
Unavailable revenue		241,978		_		_		_		_		_		_		241,978
Total deferred inflows		1,508,715														1,508,715
Fund balances: Restricted for: Donations Insurance premiums		- 73,273		43,570		22,262		-		-		- -		- -		65,832 73,273
Committed for:																
Capital projects Assigned for:		-		-		-		298,932		43,614		162,725		116,161		621,432
Economic development		500,000		-		-		-		-		-		-		500,000
Parks		25,000		-		-		-		-		-		-		25,000
Unassigned		4,714,948		<u> </u>		<u> </u>		<u> </u>		<del></del>		<del>-</del>		<del></del>		4,714,948
Total fund balances		5,313,221		43,570		22,262		298,932		43,614		162,725		116,161		6,000,485
Total liabilities, deferred inflows and fund balances	\$	7,175,698	\$	43,570	\$	22,262	\$	298,932	\$	43,614	\$	162,725	\$	116,161	\$	7,862,962

### City of Nichols Hills Combining Schedule of Revenues, Expenditures and Changes in Fund Balances General Fund Accounts For the Year Ended June 30, 2024

	Ge	eneral Fund	Ac	ignated counts count	Publ	ated Funds lic Works ccount	age Impact Fees	ound Fee	er Impact Account	r Impact Account	Total (	General Fund
REVENUES												,
Taxes	\$	7,484,555	\$	-	\$	-	\$ -	\$ -	\$ -	\$ -	\$	7,484,555
Fees and fines		132,709		-		-	-	7,300	-	-		140,009
Licenses and permits		317,897		-		-	-	-	-	-		317,897
Intergovernmental		769,119		-		-	-	-	-	-		769,119
Charges for services		1,177,681		-		-	65,332	-	13,625	15,473		1,272,111
Investment earnings		253,241		2,831		366	12,940	1,971	7,784	5,435		284,568
Miscellaneous		325,356		13,750		300	-	-	-	-		339,406
Total revenues		10,460,558		16,581		666	78,272	 9,271	 21,409	20,908		10,607,665
EXPENDITURES												
Current:												
General government		3,173,894		4,501		-	-	-	-	-		3,178,395
Public safety		6,080,013		-		-	-	-	-	-		6,080,013
Highways and roads		519,142		-		-	-	-	-	-		519,142
Public works		1,262,077		-		-	-	-	-	-		1,262,077
Culture and recreation		252,148		-		-	-	-	-	-		252,148
Capital Outlay		80,479		-		-	-	-	-	-		80,479
Total Expenditures		11,367,753		4,501		-	-	-	-	_		11,372,254
Excess (deficiency) of revenues over												,
expenditures		(907,195)		12,080		666	 78,272	 9,271	 21,409	 20,908		(764,589)
OTHER FINANCING SOURCES (USES)												
Transfers in		2,534,255		-		19,335	-	_	_	-		2,553,590
Transfers out		(2,277,578)		(19,335)		· -	-	_	-	-		(2,296,913)
Total other financing sources and uses		256,677		(19,335)		19,335	 -	-	 -	-		256,677
FUND BALANCE												
Net change in fund balances		(650,518)		(7,255)		20,001	78,272	9,271	21,409	20,908		(507,912)
Fund balances - beginning		5,963,739		50,825		2,261	220,660	34,343	141,316	95,253		6,508,397
Fund balances - ending	\$	5,313,221	\$	43,570	\$	22,262	\$ 298,932	\$ 43,614	\$ 162,725	\$ 116,161	\$	6,000,485

### City of Nichols Hills Combining Balance Sheet Nonmajor Governmental Funds June 30, 2024

	Stree	et and Alley Fund	E-9	11 Fund	Gov	Nonmajor vernmental Funds
ASSETS		000 004		04.004		000.005
Cash and cash equivalents	\$	289,281	\$	91,604	\$	380,885
Due from other governments		1,283		-		1,283
Other receivables		<u> </u>		729		729
Total assets	\$	290,564	\$	92,333	\$	382,897
FUND BALANCES Fund balances: Restricted for: Streets Public safety Assigned for:		260,470 -		- 84,767		260,470 84,767
Streets		30,094		_		30,094
E-911		· -		7,566		7,566
Total fund balances		290,564		92,333		382,897
Total liabilities and fund balances	\$	290,564	\$	92,333	\$	382,897

### City of Nichols Hills Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2024

		t and Alley			Gov	Nonmajor ernmental
		<u>Fund</u>	E-9	11 Fund		Funds
REVENUES						
Taxes	\$	-	\$	16,726	\$	16,726
Intergovernmental		34,354		-		34,354
Investment earnings		13,471		4,071		17,542
Total revenues		47,825		20,797		68,622
EXPENDITURES						
Current:						
Public safety		-		-		-
Highways and roads		-		_		_
Total Expenditures		-		-		_
Excess (deficiency) of revenues over	-					
expenditures		47,825		20,797		68,622
Net change in fund balances		47,825		20,797		68,622
Fund balances - beginning		242,739		71,536		314,275
Fund balances - ending	\$	290,564	\$	92,333	\$	382,897

	S	PECIAL REVENUE	- STREET & ALLEY	/ FUND		SPECIAL RE	VENUE - E-911 FU	IND
	Budgeted	Amounts	Actual	Variance with Final Budget	Budgeted	Amounts	Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)	Original	Final	Amounts	Positive (Negative)
Revenues:								
Taxes	-	-		-	\$ 8,000	\$ 8,000	\$ 16,726	\$ 8,726
Intergovernmental	\$ 32,017	\$ 32,017	\$ 34,354	\$ 2,337	-	-	-	-
Investment income	7,713	7,713	13,471	5,758	2,298	2,298	4,071	1,773
Total Revenues	39,730	39,730	47,825	8,095	10,298	10,298	20,797	10,499
Expenditures: Current:								
Public safety	-	-	-	-	78,598	78,598	-	78,598
Highways and streets	274,730	274,730	-	274,730	·-	·-	-	· -
Total Expenditures	274,730	274,730		274,730	78,598	78,598		78,598
Excess (deficiency) of revenues over								
expenditures	(235,000)	(235,000)	47,825	282,825	(68,300)	(68,300)	20,797	89,097
Net change in fund balances	(235,000)	(235,000)	47,825	282,825	(68,300)	(68,300)	20,797	89,097
Fund Balance - beginning of year	235,000	235,000	242,739	7,739	68,300	68,300	71,536	3,236
Fund Balance - end of year	\$ -	\$ -	\$ 290,564	\$ 290,564	\$ -	\$ -	\$ 92,333	\$ 92,333

			DEB	SER	/ICE					CAPIT	TAL PROJECT	- CAP	ITAL IMPROVE	MENT	
	Budgete Original	d Amo	unts Final		Actual Amounts	Fin	iance with al Budget ve (Negative)		Budgete Original	d Amo	unts Final		Actual Amounts	Fi	ariance with inal Budget tive (Negative)
	Original		1 IIIai		Amounts	r Ositi	ve (ivegative)		Original		ı ıııaı		Amounts	1 031	iive (ivegative)
Beginning Budgetary Fund Balance	-		-	\$	398,747	\$	398,747	\$	2,990,935	\$	2,990,935	\$	2,755,995	\$	(234,940)
Resources (Inflows):															
Taxes	\$ 5,991,138	\$	5,991,138		5,845,086		(146,052)		-		-		-		-
Intergovernmental	-		-		-		-		266,121		266,121		266,121		-
Investment income	10,000		10,700		162,359		151,659		-		-		153,066		153,066
Miscellaneous income	-		-		-		-		-		-		24,568		24,568
Transfer in	-		-		-		-		2,553,205		2,553,205		2,277,578		(275,627)
Amounts available for appropriation	6,001,138		6,001,838		6,406,192		404,354	_	5,810,261	_	5,810,261	_	5,477,328		(332,933)
Charges to appropriations (outflows):															
General government	3,250		3,950		3,802		148		_		_		_		_
Capital outlay	-		-		-		-		5,810,261		5,810,261		579,459		5,230,802
Debt service	5,997,888		5,997,888		5,997,888	-		_			-	_	-		
Total Charges to Appropriations	6,001,138		6,001,838		6,001,690		148		5,810,261		5,810,261	_	579,459		5,230,802
Ending Budgetary Fund Balance	\$ -	\$		\$	404,502	\$	404,502	\$		\$		\$	4,897,869	\$	4,897,869

### CITY OF NICHOLS HILLS, OKLAHOMA BUDGETARY COMPARISON SCHEDULE MAJOR GOVERNMENTAL FUNDS For the fiscal year ended June 30, 2024

(Continued)

### CAPITAL PROJECT - PARK FUND

	 Budgeted Original	d Amou	nts Final	Actual .mounts	Fin	iance with al Budget ve (Negative)
Beginning Budgetary Fund Balance	\$ 300,000	\$	300,000	\$ 353,582	\$	53,582
Resources (Inflows):						
Taxes	-		-	-		-
Intergovernmental	-		-	-		-
Investment income	5,000		5,000	28,972		23,972
Miscellaneous income	-		75,000	323,120		248,120
Transfer in	-		-	-		-
Amounts available for appropriation	 305,000	_	380,000	 705,674		325,674
Charges to appropriations (outflows):						
General government	280,000		280,000	10,575		269,425
Capital outlay	25,000		100,000	59,986		40,014
Debt service	 -		-	 -		-
Total Charges to Appropriations	 305,000		380,000	 70,561		309,439
Ending Budgetary Fund Balance	\$ -	\$	-	\$ 635,113		635,113

### City of Nichols Hills Combining Schedule of Net Position Enterprise Fund Accounts June 30, 2024

Current assets:	AGGETG	Nichols Hills Municipal Authority	Nichols Hills Municipal Authority CIF Account	Total
Cash and cash equivalents	ASSETS			
Investments		<b>A</b> 4 004 040	ф <b>747.00</b> г	<b>A</b> 700 505
Accounts receivable, net	·			
Accrued interest receivable   14,924   1,191   16,115     Total current assets   3,594,480   1,373,416   4,967,896     Non-current assets   33,660   - 33,660     Net pension asset   42,196   - 42,196     Capital Assets   2,711,889   - 2,711,889     Capital Assets   16,954,931   - 16,954,931     Total non-current assets   19,742,676   - 19,742,676     Total assets   19,742,676   - 19,742,676     Total assets   23,337,166   1,373,416   24,710,572      DEFERRED OUTFLOWS OF RESOURSES:   261,474   - 261,474     Total deferred amounts related to OPEB   42,196   42,196     Deferred amounts related to pensions   261,474   - 261,474     Total deferred outflows of resources   303,670   - 303,670      LIABILITIES   24,742   - 42,742     Compensated absences, current portion   5,418   - 5,418     Notes payable current portion   933   - 933     Total current liabilities   234,741   - 234,741     Non-current liabilities   234,741   - 234,741     Total OPEB liability   33,660   - 33,660     Note payable   13,471   - 13,471     Total OPEB liability   111,901   - 111,901     Total non-current liabilities   207,791   - 207,791     Total lope   13,471   - 207,791     Total lope   142,552   - 242,553     Deferred amounts related to PEB   43,784   - 442,553     Deferred amounts related to PEB   43,784   - 442,553     Deferred amounts related to PEB   43,784   - 3,474,578     Deferred amounts related to PEB   43,784   - 3,478,48     Defer			625,000	
Total current assets   3,594,480   1,373,416   4,967,896     Non-current assets   33,660   - 33,660     Net pension asset   42,196   - 42,196     Capital Assets:			4 404	
Non-current assets:   Restricted cash and cash equivalents		14,924		
Restricted cash and cash equivalents   33,660   33,660   Net pension asset   42,196   - 42,196   Capital Assets:		3,594,460	1,373,410	4,907,090
Net pension asset		22 660		22 660
Capital Assets:   Non-depreciable assets   2,711,889   - 2,711,889     Other capital assets, net of depreciation   16,954,931   - 16,954,931     Total non-current assets   19,742,676   - 19,742,676     Total assets   23,337,156   1,373,416   24,710,572     DEFERRED OUTFLOWS OF RESOURSES:   Deferred amounts related to OPEB   42,196   42,196     Deferred amounts related to pensions   261,474   - 261,474     Total deferred outflows of resources   303,670   - 303,670     LIABILITIES	· · · · · · · · · · · · · · · · · · ·		-	
Non-depreciable assets		42,190	-	42,190
Other capital assets, net of depreciation         16,954,931         -         16,954,931           Total non-current assets         19,742,676         -         19,742,676           Total assets         23,337,156         1,373,416         24,710,572           DEFERRED OUTFLOWS OF RESOURSES:           Deferred amounts related to OPEB         42,196         42,196           Deferred amounts related to pensions         261,474         -         261,474           Total deferred outflows of resources         303,670         -         303,670           Current liabilities:           Accounts payable         142,472         -         142,472           Due to other funds         85,918         -         85,918           Compensated absences, current portion         5,418         -         5,418           Notes payable, current portion         933         -         933           Total current liabilities         234,741         -         234,741           Non-current liabilities         33,600         -         33,600           Compensated absences         48,759         -         48,759           Meter deposit liability         33,600         -         33,600           Note payable         11		2 711 880		2 711 880
Total non-current assets			-	
DEFERRED OUTFLOWS OF RESOURSES:   Deferred amounts related to OPEB				
DEFERRED OUTFLOWS OF RESOURSES:   Deferred amounts related to OPEB			1 373 //16	
Deferred amounts related to OPEB	Total assets	25,557,150	1,070,410	24,710,372
Deferred amounts related to OPEB	DEFERRED OUTELOWS OF RESOURSES:			
Deferred amounts related to pensions   261,474   - 261,474   Total deferred outflows of resources   303,670   - 303,670		42 196		42 196
LIABILITIES         Current liabilities:           Accounts payable         142,472         -         142,472           Due to other funds         85,918         -         85,918           Compensated absences, current portion         5,418         -         5,418           Notes payable, current portion         933         -         933           Total current liabilities         234,741         -         234,741           Non-current liabilities:         -         48,759         -         48,759           Meter deposit liability         33,660         -         33,660           Note payable         13,471         -         114,901           Total OPEB liability         111,901         -         111,901           Total non-current liabilities         207,791         -         207,791           Total Induction of the passions of the			_	
LIABILITIES         Current liabilities:       42,472       - 142,472         Due to other funds       85,918       - 85,918         Compensated absences, current portion       5,418       - 5,418         Notes payable, current portion       933       - 933         Total current liabilities:       234,741       - 234,741         Non-current liabilities:       - 234,741       - 234,741         Compensated absences       48,759       - 48,759         Meter deposit liability       33,660       - 33,660         Note payable       13,471       - 13,471         Total OPEB liability       111,901       - 111,901         Total non-current liabilities       207,791       - 207,791         Total liabilities       442,532       - 442,532         DEFERRED INFLOWS OF RESOURCES:         Deferred amounts related to OPEB       43,784       - 43,784         Deferred amounts related to opensions       22,417       - 22,417         Total deferred inflows of resources       66,201       - 66,201         NET POSITION         Net investment in capital assets       19,652,416       - 19,652,416         Restricted for pension       42,196       - 42,196         <				
Current liabilities:   Accounts payable   142,472   - 142,472   Due to other funds   85,918   - 85,918   Compensated absences, current portion   5,418   - 5,418   Notes payable, current portion   933   - 933   - 933   Total current liabilities   234,741   - 234,741   Non-current liabilities:   Compensated absences   48,759   - 48,759   Meter deposit liability   33,660   - 33,660   Note payable   13,471   - 13,471   Total OPEB liability   111,901   - 1111,901   Total non-current liabilities   207,791   - 207,791   Total liabilities   207,791   - 207,791   Total liabilities   242,532   - 442,532	rotal abiorou camowe of recourses			
Due to other funds         85,918         -         85,918           Compensated absences, current portion         5,418         -         5,418           Notes payable, current portion         933         -         933           Total current liabilities         234,741         -         234,741           Non-current liabilities:         -         48,759         -         48,759           Meter deposit liability         33,660         -         33,660           Note payable         13,471         -         13,471           Total OPEB liability         111,901         -         111,901           Total non-current liabilities         207,791         -         207,791           Total liabilities         442,532         -         442,532           DEFERRED INFLOWS OF RESOURCES:           Deferred amounts related to OPEB         43,784         -         43,784           Deferred amounts related to pensions         22,417         -         22,417           Total deferred inflows of resources         66,201         -         66,201           NET POSITION           Net investment in capital assets         19,652,416         -         19,652,416           Restricted for pension         42	Current liabilities:			
Compensated absences, current portion         5,418         -         5,418           Notes payable, current portion         933         -         933           Total current liabilities         234,741         -         234,741           Non-current liabilities:         -         -         -         234,741           Compensated absences         48,759         -         48,759           Meter deposit liability         33,660         -         33,660           Note payable         13,471         -         13,471           Total OPEB liability         111,901         -         111,901           Total non-current liabilities         207,791         -         207,791           Total liabilities         207,791         -         207,791           Total liabilities         442,532         -         442,532           DEFERRED INFLOWS OF RESOURCES:           Deferred amounts related to OPEB         43,784         -         43,784           Deferred amounts related to pensions         22,417         -         22,417           Total deferred inflows of resources         66,201         -         66,201           NET POSITION           Net investment in capital assets         19,	• •		-	
Notes payable, current portion   933   - 933     Total current liabilities   234,741   - 234,741     Non-current liabilities:			-	
Total current liabilities         234,741         -         234,741           Non-current liabilities:         -         48,759         -         48,759           Meter deposit liability         33,660         -         33,660           Note payable         13,471         -         13,471           Total OPEB liability         111,901         -         111,901           Total non-current liabilities         207,791         -         207,791           Total liabilities         442,532         -         442,532           DEFERRED INFLOWS OF RESOURCES:           Deferred amounts related to OPEB         43,784         -         43,784           Deferred amounts related to pensions         22,417         -         22,417           Total deferred inflows of resources         66,201         -         66,201           NET POSITION           Net investment in capital assets         19,652,416         -         19,652,416           Restricted for pension         42,196         -         42,196           Unrestricted         3,437,481         1,373,416         4,810,897			-	
Non-current liabilities:         48,759         -         48,759           Meter deposit liability         33,660         -         33,660           Note payable         13,471         -         13,471           Total OPEB liability         111,901         -         111,901           Total non-current liabilities         207,791         -         207,791           Total liabilities         442,532         -         442,532           DEFERRED INFLOWS OF RESOURCES:           Deferred amounts related to OPEB         43,784         -         43,784           Deferred amounts related to pensions         22,417         -         22,417           Total deferred inflows of resources         66,201         -         66,201           NET POSITION           Net investment in capital assets         19,652,416         -         19,652,416           Restricted for pension         42,196         -         42,196           Unrestricted         3,437,481         1,373,416         4,810,897	• • • •			
Compensated absences         48,759         -         48,759           Meter deposit liability         33,660         -         33,660           Note payable         13,471         -         13,471           Total OPEB liability         111,901         -         111,901           Total non-current liabilities         207,791         -         207,791           Total liabilities         442,532         -         442,532           DEFERRED INFLOWS OF RESOURCES:           Deferred amounts related to OPEB         43,784         -         43,784           Deferred amounts related to pensions         22,417         -         22,417           Total deferred inflows of resources         66,201         -         66,201           NET POSITION           Net investment in capital assets         19,652,416         -         19,652,416           Restricted for pension         42,196         -         42,196           Unrestricted         3,437,481         1,373,416         4,810,897		234,741		234,741
Meter deposit liability         33,660         -         33,660           Note payable         13,471         -         13,471           Total OPEB liability         111,901         -         111,901           Total non-current liabilities         207,791         -         207,791           Total liabilities         442,532         -         442,532           DEFERRED INFLOWS OF RESOURCES:           Deferred amounts related to OPEB         43,784         -         43,784           Deferred amounts related to pensions         22,417         -         22,417           Total deferred inflows of resources         66,201         -         66,201           NET POSITION           Net investment in capital assets         19,652,416         -         19,652,416           Restricted for pension         42,196         -         42,196           Unrestricted         3,437,481         1,373,416         4,810,897		40.750		40.750
Note payable         13,471         -         13,471           Total OPEB liability         111,901         -         111,901           Total non-current liabilities         207,791         -         207,791           Total liabilities         442,532         -         442,532           DEFERRED INFLOWS OF RESOURCES:           Deferred amounts related to OPEB         43,784         -         43,784           Deferred amounts related to pensions         22,417         -         22,417           Total deferred inflows of resources         66,201         -         66,201           NET POSITION         Net investment in capital assets         19,652,416         -         19,652,416           Restricted for pension         42,196         -         42,196           Unrestricted         3,437,481         1,373,416         4,810,897			-	
Total OPEB liability         111,901         -         111,901           Total non-current liabilities         207,791         -         207,791           Total liabilities         442,532         -         442,532           DEFERRED INFLOWS OF RESOURCES:           Deferred amounts related to OPEB         43,784         -         43,784           Deferred amounts related to pensions         22,417         -         22,417           Total deferred inflows of resources         66,201         -         66,201           NET POSITION         -         19,652,416         -         19,652,416           Restricted for pension         42,196         -         42,196           Unrestricted         3,437,481         1,373,416         4,810,897	•		-	
Total non-current liabilities         207,791         -         207,791           Total liabilities         442,532         -         442,532           DEFERRED INFLOWS OF RESOURCES:           Deferred amounts related to OPEB         43,784         -         43,784           Deferred amounts related to pensions         22,417         -         22,417           Total deferred inflows of resources         66,201         -         66,201           NET POSITION         Net investment in capital assets         19,652,416         -         19,652,416           Restricted for pension         42,196         -         42,196           Unrestricted         3,437,481         1,373,416         4,810,897			-	
Total liabilities         442,532         -         442,532           DEFERRED INFLOWS OF RESOURCES:           Deferred amounts related to OPEB         43,784         -         43,784           Deferred amounts related to pensions         22,417         -         22,417           Total deferred inflows of resources         66,201         -         66,201           NET POSITION         -         19,652,416         -         19,652,416           Restricted for pension         42,196         -         42,196           Unrestricted         3,437,481         1,373,416         4,810,897				
DEFERRED INFLOWS OF RESOURCES:           Deferred amounts related to OPEB         43,784         -         43,784           Deferred amounts related to pensions         22,417         -         22,417           Total deferred inflows of resources         66,201         -         66,201           NET POSITION         Net investment in capital assets         19,652,416         -         19,652,416           Restricted for pension         42,196         -         42,196           Unrestricted         3,437,481         1,373,416         4,810,897			<u>-</u>	
Deferred amounts related to OPEB       43,784       -       43,784         Deferred amounts related to pensions       22,417       -       22,417         Total deferred inflows of resources       66,201       -       66,201         NET POSITION         Net investment in capital assets       19,652,416       -       19,652,416         Restricted for pension       42,196       -       42,196         Unrestricted       3,437,481       1,373,416       4,810,897	Total liabilities	442,332		442,552
Deferred amounts related to OPEB       43,784       -       43,784         Deferred amounts related to pensions       22,417       -       22,417         Total deferred inflows of resources       66,201       -       66,201         NET POSITION         Net investment in capital assets       19,652,416       -       19,652,416         Restricted for pension       42,196       -       42,196         Unrestricted       3,437,481       1,373,416       4,810,897	DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts related to pensions         22,417         -         22,417           Total deferred inflows of resources         66,201         -         66,201           NET POSITION           Net investment in capital assets         19,652,416         -         19,652,416           Restricted for pension         42,196         -         42,196           Unrestricted         3,437,481         1,373,416         4,810,897		43 784	_	43 784
NET POSITION         19,652,416         19,65			_	
NET POSITION       19,652,416       -       19,652,416         Net investment in capital assets       19,652,416       -       19,652,416         Restricted for pension       42,196       -       42,196         Unrestricted       3,437,481       1,373,416       4,810,897	•			
Net investment in capital assets       19,652,416       -       19,652,416         Restricted for pension       42,196       -       42,196         Unrestricted       3,437,481       1,373,416       4,810,897				
Restricted for pension       42,196       -       42,196         Unrestricted       3,437,481       1,373,416       4,810,897	NET POSITION			
Restricted for pension       42,196       -       42,196         Unrestricted       3,437,481       1,373,416       4,810,897		19,652,416	-	19,652,416
Unrestricted 3,437,481 1,373,416 4,810,897			-	· · ·
			1,373,416	

### City of Nichols Hills Combining Schedule of Revenues, Expenses and Changes in Fund Net Position Enterprise Fund Accounts For the Year Ended June 30, 2024

	ı	ichols Hills Municipal Authority	N Au	chols Hills Iunicipal thority CIF Account	Total
REVENUES					 
Charges for Service:					
Water charges	\$	3,643,313	\$	-	\$ 3,643,313
Wastewater charges		1,453,486		-	1,453,486
Water taps		29,558		-	29,558
Penalties		14,301		-	14,301
Miscellaneous revenue		1,625		11,131	 12,756
Total operating revenues		5,142,283		11,131	5,153,414
OPERATING EXPENSES					
Administrative		848,154		_	848,154
Water and wastewater operations		1,509,709		5,395	1,515,104
Depreciation expense		1,816,654		, -	1,816,654
Total operating expenses		4,174,517		5,395	 4,179,912
Operating income		967,766		5,736	973,502
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue		143,252		68,604	211,856
Interest expense		(1,140)		, -	(1,140)
Total non-operating revenues (expense)		142,112		68,604	 210,716
Income before contributions and transfers		1,109,878		74,340	 1,184,218
Capital contributions		2,656,296		-	2,656,296
Transfers in		155,470		86,836	242,306
Transfers out		(2,621,091)		(155,470)	(2,776,561)
Change in net position		1,300,553		5,706	1,306,259
Total net position- beginning		21,831,540		1,367,710	23,199,250
Total net position - ending	\$	23,132,093	\$	1,373,416	\$ 24,505,509

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### STATISTICAL SECTION

<u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the government's financial performance has changed over time.

<u>Revenue Capacity</u> - These schedules contain trend information to help the reader access the City's most significant local revenue sources.

<u>Debt Capacity</u> - These schedules contain trend information to help the reader assess the affordability of the current levels of outstanding debt and the City's ability to issue additional debt in the future.

<u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the financial activities take place.

<u>Operating Information</u> - These schedules contain service and infrastructure data to help the reader understand how the information in the financial report relates to the services the City provides and the activities it performs.

	<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>	<u>2024</u>
Governmental activities Net investment in capital assets Restricted Unrestricted Total governmental activities net position	\$ 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	\$ 12,071,208
	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	1,743,595
	(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	7,124,858
	\$ 1,867,144	\$ 1,305,584	\$ 4,046,197	\$ 5,500,361	\$ 8,632,680	\$ 9,263,915	\$ 9,794,119	\$ 16,089,227	\$ 18,192,413	\$ 20,939,661
Business-type activities  Net investment in capital assets  Restricted  Unrestricted  Total business-type activities net position	\$ 18,961,631 - - - - - - - - - - - - - - - - - - -	\$ 21,577,476 - - 2,323,000 \$ 23,900,476	\$ 20,377,268 - - 2,723,150 \$ 23,100,418	\$ 19,222,957 	\$ 18,687,637 	\$ 18,793,595 - 3,790,742 \$ 22,584,337	\$ 17,975,559 - - - - - - - - - - - - - - - - - -	\$ 17,640,226 	\$ 18,419,867 - - - - - - - - - - - - - - - - - - -	\$ 19,652,416 42,196 4,819,814 \$ 24,514,426
Primary government  Net investment in capital assets  Restricted  Unrestricted  Total primary government net position	\$ 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	\$ 31,723,624
	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	1,785,791
	(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	11,944,672
	\$ 22,704,213	\$ 25,206,060	\$ 27,146,615	\$ 28,226,684	\$ 30,657,394	\$ 31,848,252	\$ 31,591,697	\$ 38,226,122	\$ 41,397,829	\$ 45,454,087

	2015		2016		2017		2018		2019		2020		2021	2022		2023		2024
Expenses																		
Government activities:																		
General government	\$ 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	\$	4,012,642
Public safety	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		7,379,628
Highways and streets	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		2,018,857
Culture and recreation	191,791		193,210		219,959		233,077		372,777		430,254		440,212	431,599		401,339		512,776
Public works	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		1,815,754
Interest on long-term debt	 870,590	_	572,961	_	703,856	_	675,392	_	677,014	_	747,782	_	978,791	 808,576	_	792,112	_	1,139,136
Total governmental activities expenses	 7,656,249		8,405,546		9,139,588		9,777,872		9,872,569		11,867,961		14,922,894	 12,183,332		14,878,712	_	16,878,793
Business-type activities:																		
Water	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		3,157,234
Wastewater	697,992		728,531		912,251		933,709		1,017,587		1,092,270		1,175,985	1,150,459		1,138,250		1,259,567
Total business-type activities expenses	2,609,546		2,878,360		3,512,302		3,792,407		3,467,387		3,745,006		3,873,635	3,824,851		4,236,941		4,416,801
Total primary government expenses	\$ 10,265,795	\$	11,283,906	\$	12,651,890	\$	13,570,279	\$	13,339,956	\$	15,612,967	\$	18,796,529	\$ 16,008,183	\$	19,115,653	\$	21,295,594
Program Revenues																		
Government activities:																		
Charges for services:																		
General government	\$ 178,871	\$	221,295	\$	207,935	\$	267,579	\$	309,905	\$	233,677	\$	454,766	\$ 459,933	\$	463,422	\$	511,305
Public safety	193,841		255,862		183,863		234,786		231,816		279,761		770,619	761,971		816,640		904,249
Highways and streets	-		-		-		-		-		28,822		109,408	105,295		108,170		136,541
Culture and recreation	-		-		-		-		-		-		9,876	-		-		-
Public works	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		1,293,879
Operating grants and contributions	386,862		423,000		422,726		439,752		561,336		532,520		868,406	3,446,709		741,640		971,947
Capital grants and contributions	-		-		, <u>-</u>				50,763		1,132		-	619		267,373		1,623
Total governmental activities program revenues	1,727,830		1,920,723		1,778,457		2,006,564		2,233,975		2,152,745		3,457,864	 5,983,812		3,626,906	_	3,819,544

(Continued)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	2020	<u>2021</u>	2022	2023	<u>2024</u>
Business-type activities:										
Charges for services:										
Water	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	3,818,815
Wastewater	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	1,453,486
Capital grants and contributions										710,000
Total business-type activities program revenues	3,587,189	4,217,173	4,514,808	4,311,171	3,299,641	4,303,666	4,344,520	4,933,671	5,313,799	5,982,301
Total primary government program revenues	\$ 5,315,019	\$ 6,137,896	\$ 6,293,265	\$ 6,317,735	\$ 5,533,616	\$ 6,456,411	\$ 7,802,384	\$ 10,917,483	\$ 8,940,705	\$ 9,801,845
Net (Expense)/Revenue										
Government activities	\$ (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)	\$ (13,059,249)
Business-type activities	977,643	1,338,813	1,002,506	518,764	(167,746)	558,660	470,885	1,108,820	1,076,858	1,565,500
Total primary government net expense	\$ (4,950,776)	\$ (5,146,010)	\$ (6,358,625)	\$ (7,252,544)	\$ (7,806,340)	\$ (9,156,556)	\$ (10,994,145)	\$ (5,090,700)	\$ (10,174,948)	\$ (11,493,749)
General Revenues and Other Changes in Net As	ssets/Net Position									
Government activities:										
Taxes:										
Sales and use taxes	\$ 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	\$ 7,133,492
Property taxes	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	5,891,449
Franchise and public service taxes	399,654	339,874	337,882	358,832	324,662	326,031	313,615	348,327	394,488	351,063
Other taxes	1,318	1,351	1,064	12,138	7,462	9,145	8,610	8,729	8,903	16,726
Unrestricted grants and contributions	7,377	6,012	6,204	6,276	8,667	9,783	11,020	10,488	10,303	10,197
Investment earnings	43,279	73,674	99,168	146,992	341,878	291,816	66,747	110,785	932,534	1,524,639
Miscellaneous	226,812	247,580	269,429	325,679	343,465	363,691	358,279	487,925	587,311	397,829
Transfers	405,456	(1,698,873)	1,809,431	844,621	635,436	106,902	1,287,436	793,142	218,222	481,102
Total governmental activities	7,165,662	5,593,263	10,101,745	9,613,644	10,770,913	10,346,451	11,995,234	12,494,628	13,354,992	15,806,497
Business-type activities:										
Investment earnings	9,734	3,077	4,205	11,031	56,416	46,437	5,221	11,098	186,207	211,856
Miscellaneous	5,249	22,644	2,662	11,759	45,157	61,428	24,571	12,542	23,678	12,756
Transfers	(405,456)	1,698,873	(1,809,431)	(844,621)	(635,436)	(106,902)	(1,287,436)	(793,142)	(218,222)	(481,102)
Total business-type activities	(390,473)	1,724,594	(1,802,564)	(821,831)	(533,863)	963	(1,257,644)	(769,502)	(8,337)	(256,490)
Total primary government	\$ 6,775,189	\$ 7,317,857	\$ 8,299,181	\$ 8,791,813	\$ 10,237,050	\$ 10,347,414	\$ 10,737,590	\$ 11,725,126	\$ 13,346,655	\$ 15,550,007
Change in Net Assets/Net Position										
Government activities	\$ 1,237,243	\$ (891,560)	\$ 2,740,614	\$ 1,842,336	\$ 3,132,319	\$ 631,235	\$ 530,204	\$ 6,295,108	\$ 2,103,186	\$ 2,747,248
Business-type activities	587,170	3,063,407	(800,058)	(303,067)	(701,609)	559,623	(786,759)	339,318	1,068,521	1,309,010
Total primary government	\$ 1,824,413	\$ 2,171,847	\$ 1,940,556	\$ 1,539,269	\$ 2,430,710	\$ 1,190,858	\$ (256,555)	\$ 6,634,426	\$ 3,171,707	\$ 4,056,258

	2015	2016	<u>2017</u>	2018	<u>2019</u>	2020	<u>2021</u>	2022	<u>2023</u>	2024
General Fund Nonspendable Restricted Committed Assigned Unassigned Total general fund	\$ 60,478 14,579 - 628,694 2,114,891 \$ 2,818,642	\$ 69,195 14,547 627,754 1,173,458 \$ 1,884,954	\$ 73,483 39,734 500,000 1,702,443 \$ 2,315,660	\$ 78,672 36,527 629,118 1,885,054 \$ 2,629,371	\$ 81,090 35,658 - 662,818 2,478,456 \$ 3,258,022	\$ 14,255 67,932 225,307 500,000 2,982,308 \$ 3,789,802	\$ - 87,623 307,846 500,000 3,888,511 \$ 4,783,980	\$ - 110,286 384,751 1,311,712 4,004,180 \$ 5,810,929	\$ - 90,314 491,572 2,455,267 3,471,244 \$ 6,508,397	\$ - 139,105 621,432 525,000 4,714,948 \$ 6,000,485
All Other Governmental Funds Restricted Assigned Total all other governmental funds	\$ 11,658,454	\$ 9,514,201 1,987,684 \$ 11,501,885	\$ 7,438,743 2,205,120 \$ 9,643,863	\$ 7,125,231 1,990,483 \$ 9,115,714	\$ 7,633,785 2,718,574 \$ 10,352,359	\$ 11,344,374	\$ 15,189,074	\$ 15,229,029 2,848,822 \$ 18,077,851	\$ 15,715,512 3,053,111 \$ 18,768,623	\$ 16,776,827 5,585,813 \$ 22,362,640
GRAND TOTAL	\$ 15,191,873	\$ 13,386,839	\$ 11,959,523	\$ 11,745,085	\$ 13,610,381	\$ 16,605,429	\$ 21,446,135	\$ 23,888,780	\$ 25,277,020	\$ 28,363,125

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	2020	<u>2021</u>	2022	2023	2024
Revenues:										
Revenues:										
Taxes	\$ 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	\$ 13,346,367
Intergovernmental	337,047	476,650	489,358	567,360	626,979	562,073	742,853	1,756,094	1,156,705	1,069,594
Charges for services	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	1,272,111
Fines and forfeitures	137,548	189,619	135,846	167,753	152,346	132,332	102,408	118,586	120,835	140,009
Licences and permits	178,871	221,295	207,935	266,716	304,393	232,355	301,895	292,792	285,491	317,897
Investment Income	41,175	73,507	90,032	142,762	342,221	297,136	69,052	89,887	653,665	1,527,853
Donation	-	-	-	-	-	-	-	1,500,000	-	323,120
Miscellaneous	221,321	258,296	263,892	305,526	335,492	359,679	353,506	507,445	522,440	363,974
Total Revenues	8,444,292	9,252,796	10,125,399	10,856,596	12,343,444	12,365,315	13,075,598	16,609,578	15,581,706	18,360,925
Expenditures:										
General government	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	3,191,765
Public safety	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	6,078,509
Highways and streets	239,701	233,047	309,671	275,805	281,851	262,670	1,165,850	348,923	376,860	519,142
Culture and recreation	203,652	201,630	213,143	223,944	256,252	255,558	274,955	337,264	259,993	262,723
Public works	755,692	800,562	873,022	878,310	949,311	1,009,650	1,152,594	1,067,732	1,185,481	1,262,077
Capital outlay	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	7,699,367
Debt service										
Principal	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	4,605,000
Interest	508,311	552,403	692,279	705,300	717,890	807,461	1,066,165	1,025,113	1,025,825	1,392,888
Payment of issue costs	19,436	93,562	85,394	66,170	75,625	146,605	99,035	85,295	105,867	98,404
Total Expenditures	14,149,280	17,603,435	17,906,042	15,754,101	15,534,046	19,584,937	27,636,815	23,167,422	25,222,550	25,109,875
Excess of revenues	(5.704.000)	(0.050.000)	(7.700.040)	(4.007.505)	(0.400.000)	(7.040.000)	(4.4.504.047)	(0.557.044)	(0.040.044)	(0.740.050)
over(under) expenditures	(5,704,988)	(8,350,639)	(7,780,643)	(4,897,505)	(3,190,602)	(7,219,622)	(14,561,217)	(6,557,844)	(9,640,844)	(6,748,950)
Other financing sources(uses)										
Transfers in	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	4,811,833
Transfers out	(245,016)	(1,416,232)	(493,180)	(493,180)	(791,454)	(394,691)	-	(1,853,205)	(553,205)	(2,277,578)
Bond proceeds	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	7,300,800
Total other financing sources(uses)		\$ 6,545,604	\$ 6,353,328	\$ 4,683,065	\$ 5,055,896	\$ 10,214,670	\$ 19,401,922	\$ 9,000,489	\$ 11,029,084	\$ 9,835,055
rotal other intalioning sources(asso)	φ 0,700,000	Ψ 0,040,004	Ψ 0,000,020	Ψ 4,000,000	Ψ 0,000,000	Ψ 10,214,070	Ψ 10,401,022	Ψ 0,000,400	Ψ 11,020,004	Ψ 0,000,000
Net change in fund balances	\$ 1,081,062	\$ (1,805,035)	\$ (1,427,315)	\$ (214,440)	\$ 1,865,294	\$ 2,995,048	\$ 4,840,705	\$ 2,442,645	\$ 1,388,240	\$ 3,086,105
Debt service as a percentage of										
noncapital expenditures	32.8%	24.8%	34.8%	32.4%	30.9%	33.2%	58.1%	32.6%	29.3%	30.6%

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

Fiscal	Ad Valorem	Sales & Use	Franchise	Emergency Telephone	Totals
<u>Year</u>	Tax	Tax	Tax	Tax	Totals
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
2024	5,845,086	7,097,112	351,063	16,726	13,309,987

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

Fiscal Year	Real Property	Personal Property	Public Service Property	Total Assessed Value	Exemptions	Net Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value
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
2024	193,554,881	2,882,308	949,529	197,386,718	1,551,781	195,834,937	31.67	1,794,424,709

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

	City Direct Rate	Overlap	ping Rates	_
Fiscal Year	Debt Service Fund*	Independent School District (1)	Oklahoma County	Total Nichols Hills City Resident
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	23.64	127.64
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
2024	31.67	85.05	22.99	139.71
The levy certifie	ed to the tax rolls for t	he upcoming fiscal	year is as follows:	
2025	32.15	85.85	23.11	141.11
Source:	County Excise Board	d		
Note:	City property tax ma obligation bonded de judgments.	, ,		•

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

<sup>\*</sup> Direct rate is soley for General Obligation Debt 88

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

			2024	4	2015				
Taxpayer	Type of Business	<u>Rank</u>	Taxable Assessed Value	Percentage of Net Total Assessed Value	<u>Rank</u>	Taxable Assessed Value	Percentage of Net Total Assessed Value		
Oklahoma City Golf & Country Club	Recreation	1	\$ 1,746,102	0.89%	2	\$ 1,123,853	0.93%		
OKC NHP LLC	Retail	2	1,087,081	0.56%	1	1,129,177	0.94%		
JLJ Properties (2 properties)	Resident	3	690,574	0.35%					
Belvedere Trust	Resident	4	639,595	0.33%					
Cameron William M Trust	Resident	5	548,685	0.28%					
Oklahoma Gas & Electric	Utility	6	542,109	0.28%	3	770,242	0.64%		
Mills Rober L & Margaret S Trust	Resident	7	533,932	0.27%					
Crutchmer Clyde V (2 properties)	Resident	8	524,016	0.27%	6	492,656	0.41%		
Villa Amore LLC	Resident	9	515,731	0.26%					
Albers Leigh Ann & Paul W	Resident	10	491,510	0.25%	7	437,821	0.36%		
TG NHOB LLC	Banking				4	628,100	0.52%		
Chesapeake Lan Company LLC	Oil and gas		-	-	5	540,664	0.45%		
Liddell Mike Trust	Resident		-	-	8	407,000	0.34%		
Oliver Michael & Deborah Trust	Resident		-	-	9	405,996	0.34%		
Greythorn LLC	Resident		-	-	10	387,575	0.32%		
Totals			\$ 7,319,335	3.74%		\$ 6,323,084	5.25%		

Source: County Assessors Office

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percentage of Total Collected to Total Levy	Net Assessed Value	Mill Levy
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
2024	5,910,556	5,768,097	97.59%	64,025	5,832,122	98.67%	195,834,937	31.67

CITY OF NICHOLS HILLS, OKLAHOMA
SALES TAX RATES OF DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

TABLE 10

	<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>	2024
City of Nichols Hills Oklahoma County State of Oklahoma	4.00% 0.00% 4.50%									
Total	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%

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

### TABLE 11

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Agriculture, forestry, and fishing	\$ 956	\$ 1,098	\$ 899	\$ 4,312	\$ 2,249	\$ 324	\$ 12	\$ 2,101	\$ 578	\$ 306
Mining	16	40	-	-	-	-	-	-	-	1,377
Construction	1,344	1,131	1,379	2,594	2,749	2,920	4,426	3,666	9,326	11,017
Manufacturing	97,363	110,407	163,434	139,031	122,914	125,856	101,850	121,836	153,916	137,497
Transportation	604,289	595,701	595,704	606,364	254,237	9,357	18,726	11,677	10,057	6,955
Communications and utilities:										
Communications	114,695	104,149	96,820	99,099	95,732	79,004	73,759	75,070	75,077	64,846
Electric, gas, and sanitary services	313,243	285,451	289,031	312,640	282,390	273,359	276,237	343,640	413,408	346,120
Wholesale trade	70,254	71,413	77,940	87,392	75,031	77,976	84,329	110,044	103,432	103,406
Retail trade:										
Building materials, hardware, garden supply										
and mobile home dealer	192,625	221,981	11	338,037	347,035	266,978	333,520	304,484	265,283	241,146
General merchandise stores	-	42,983	55,750	22,565	55,117	42,148	180,928	253,272	297,950	291,722
Food stores	41,680	98,022	554,739	815,834	1,134,184	1,166,678	1,244,501	1,403,020	1,438,754	1,671,961
Automotive dealers and gasoline service stations	820	28,995	41,786	32,370	14,624	238	378	379	509	265
Apparel and accessory stores	531,637	342,127	357,614	281,870	315,870	534,388	537,354	748,764	746,956	664,787
Furniture, home furnishings and equipment stores	324,891	209,465	242,608	204,257	319,487	139,483	246,673	400,890	467,987	388,098
Eating and drinking places	239,450	216,349	213,577	296,849	451,839	390,955	415,344	498,136	454,051	352,083
Miscellaneous retail	13,396	144,423	185,955	226,112	141,541	-	58,087	105,141	155,591	-
Finance, insurance, and real estate	14,476	26,756	14,883	46,517	19,742	951	6,347	24,901	16,289	16,720
Services:										
Hotels and motels	-	-	-	1,896	983	520	461	1,007	473	100
Personal services	205	13,333	11,288	11,448	64,540	53,372	48,108	63,706	58,430	48,595
Business services	7,334	2,459	10,219	21,715	358,122	389,387	64,880	57,446	79,445	100,744
Automotive repair services and garages	2,162	-	768	424	440	1,116	474	425	451	927
Miscellaneous repair services	120	-	-	-	-	-	497	451	585	1,568
Other services	114,695	15,116	6,868	27,612	22,166	518,741	603,216	733,688	837,788	799,932
Nonclassifiable establishments	15,798	55,208	91,772	28,764	25,482	17,858	21,953	185,446	22,289	25,113
	\$ 2,701,449	\$ 2,586,607	\$ 3,013,045	\$ 3,607,702	\$ 4,106,474	\$ 4,091,609	\$ 4,322,060	\$ 5,449,190	\$ 5,608,625	\$ 5,275,285

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

	Governmental Act	ivities	Business-Type Activities			
Fiscal Year	General Obligation Bonds	Judgment Payable	Notes Payable	Total Primary Government	Per Capita	Per Estimated Actual Property Values
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
2024	46,041,666	-	14,404	46,056,070	11,901	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

Fiscal Year	Population	Net Assessed Value	Gross Bonded Debt (1)	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
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	188,162,574	43,594,113	373,786	43,220,327	22.97%	11,296
2024	3,870	195,834,937	46,041,666	366,577	45,675,089	23.32%	11,802

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

<sup>(1)</sup> 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, 2024 TABLE 14

Jurisdiction	Gross Debt Outstanding	Percentage (2) Applicable to City of Nichols Hills	Amount Applicable to City of Nichols Hills
City of Nichols Hills (1)	\$46,041,666	100.00%	\$46,041,666
Oklahoma City Public Schools (3)	230,031,000	6.69%	15,395,102
Metro Tech Vo-Tech (3)	54,000,000	8.24%	4,451,928
Oklahoma County (4)	11,006,077 295,037,077	2.94%	323,610 20,170,640
Total Direct and Overlapping Debt	\$341,078,743		\$66,212,306

- (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) Fiscal Year 2023 Financial Stataments.
- (4) Fiscal Year 2022 Financial Stataments.

		Fiscal Year														
	2015	<u>2016</u>	2017	2018		2019		2020		2021		2022		2023		2024
Debt limit	\$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	\$	19,583,494
Total net debt applicable to limit	2,857,736	6,825,690	7,037,474	6,433,875	-	5,992,145	-	7,943,909	-	7,905,800	-	9,778,055	-	10,696,613	_	11,060,700
Legal debt margin	\$11,177,358	\$ 7,820,311	\$ 7,608,527	\$ 9,552,078	\$	9,993,808	\$	8,421,963	\$	9,095,870	\$	8,032,196	\$	7,964,969	\$	8,522,794
Total net debt applicable to the limit as a percentage of debt limit	20.36%	46.60%	48.05%	40.25%		37.48%		48.54%		46.50%		54.90%		57.32%		56.48%
												Legal Debt M	argin	Calculation fo	r Fis	cal Year 2024
	Net assessed v	aluation													\$	195,834,937
	Debt limit (10% Debt applicable	of total assessed veto limit:	alue)													19,583,494
		gation bonds														46,041,666
Less: Street and public utility bonds outstanding Total net debt applicable to limit															_	(34,980,966) 11,060,700
	Legal debt marg														\$	8,522,794

Note: Article 10, Section 26 of the Constitution of the State of Oklahoma limits municipal debt to 10% of net assessed valauation.

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

Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Maximum Annual Debt Service (1)	Debt Service Coverage
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
2024	5,365,270	2,363,258	3,002,012	-	0.00

<sup>(1)</sup> 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

	Number of		Construction Values							
Calendar Year	Building Permits	Residential	Commercial	Total	of Taxable Property					
2015	239	18,725,690	4,142,400	22,868,090	1,280,384,359					
2016	486	21,447,444	3,175,000	24,622,444	1,378,610,640					
2017	512	23,256,041	1,089,348	24,345,389	1,363,098,330					
2018	668	53,872,391	8,707,641	62,580,032	3,503,855,992					
2019	597	46,037,528	19,360,009	65,397,537	3,661,608,097					
2020	499	19,702,469	630,007	20,332,476	1,138,415,331					
2021	550	33,824,523	533,947	34,358,470	1,923,730,735					
2022	787	21,628,931	993,002	22,621,933	1,266,602,029					
2023	832	28,477,800	728,302	29,206,102	1,635,249,651					
2024	735	55,983,061	1,952,174	57,935,235	3,243,793,808					

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

Year	Population (1)	Median Age of Population (2)	School Enrollment (3) (in thousands)	Unemployment Rate (4)
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%
2024	3,870	46.6	33	3.5%

### 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

			2024			2015	
Employer	Product/Business	<u>Rank</u>	Employees	Percentage of Total City Employment	<u>Rank</u>	Employees	Percentage of Total City Employment
Oklahoma City Golf & Country Club	Private Club	1	291	8%	1	220	6%
Trader Joe's	Grocery	2	130	3%			
Christ the King School & Church	Private School	3	117	3%	2	110	3%
City of Nichols Hills	Municipal Government	4	75	2%	3	68	2%
All Soul's Episcopal Church	Church/Daycare	5	45	1%	4	40	1%
The Hutch	Restaurant	6	35	1%			
Starbucks	Restaurant	7	25	1%			
Saturn Grill	Restaurant	8	22	1%	8	18	0.5%
Balliet's	Retail	9	19	0.5%			
Naifeh Fine Jewelry	Retail	10	19	0.5%			
Mamasita's Restaurant	Restaurant				5	30	1%
Cool Greens	Restaurant				6	30	1%
Coach House Restaurant	Restaurant				7	22	1%
CK & Co.	Retail				9	15	0.4%
Ruth Meyers	Retail				10	14	0.4%
Totals			778	<u>20</u> %		567	

NOTE: Information obtained from businesses above.

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

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Function/Program										
General Government										
Buildings	1	1	1	1	1	1	1	1	1	1
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	5	5	5	5	6	8	12	12	12	15
Unmarked Units	4	4	3	3	3	3	3	3	3	4
Motorcycles	0	0	0	0	0	0	0	0	0	0
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Trucks	2	2	2	2	2	2	2	2	2	2
Streets										
Street miles	29	29	29	29	29	29	29	29	29	29
Traffic signals	1	1	1	1	1	1	1	1	1	1
Parks and recreation										
Parks	34	34	34	37	37	37	37	37	38	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
Water										
Water mains (miles)	31	31	31	45	45	45	45	45	45	45
Fire hydrants	246	301	301	291	301	301	301	301	301	301
Storage capacity	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	8,750,000
Wastewater										
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

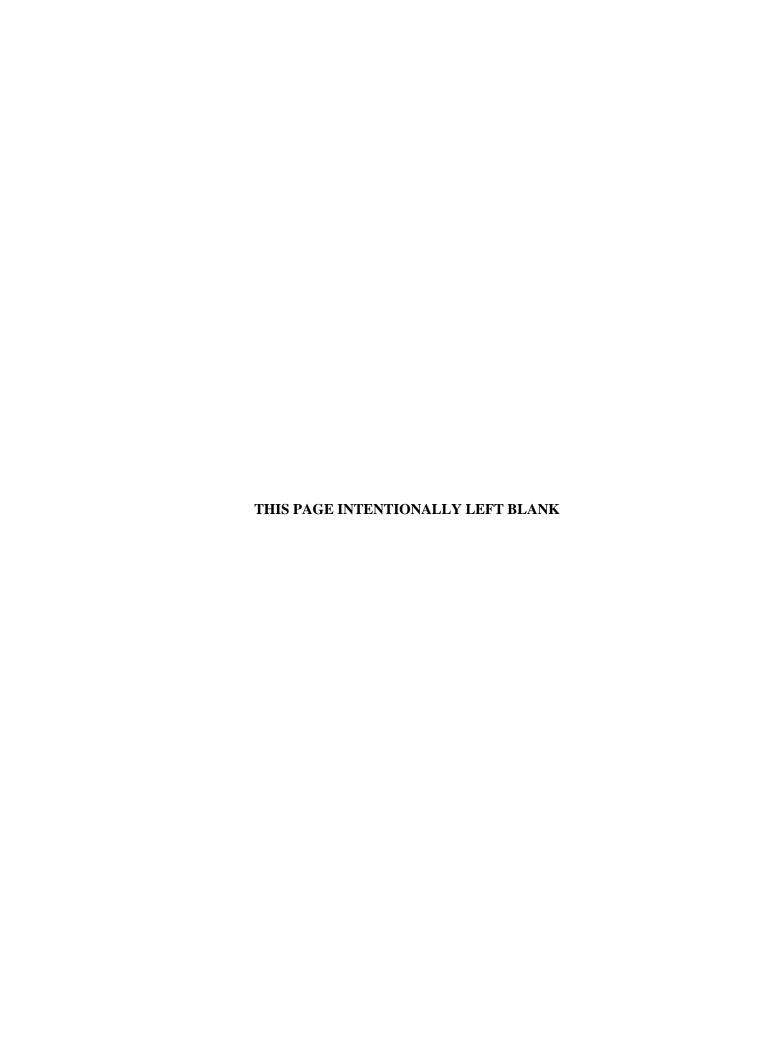
Function/Program	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
<u>Function/Frogram</u>											
General Government:											
City clerk	1	1	1	1	1	1	1	1	1	1	1
City treasurer	-	-	-	1	1	1	1	1	1	1	1
General government	6	6	6	9	9	9	10	10	10	11	10
Total General Government	7	7	7	11	11	11	12	12	12	13	12
Public Safety and Judiciary:											
City attorney	1	1	1	1	1	1	1	1	1	1	1
Police	22	21	23	21	22	21	23	23	24	24	24
Municipal court	2	2	2	2	2	2	2	2	2	2	2
Fire	14	14	14	14	14	14	14	14	14	14	15
Total Public Safety and Judiciary	39	38	40	38	39	38	40	40	41	41	42
Transportation:											
Streets	2	1	1	3	3	3	3	3 <b>3</b>	2	4	4
Total Transportation	2 <b>2</b>	1	1	3	3	3 <b>3</b>	3	3	2 <b>2</b>	4	4
Cultural, Parks and Recreation:											
Parks	1	2	2	2	2	2	2	1	0	0	0
Total Cultural, Parks and Recreation	1	2	2	2	2	2 <b>2</b>	2	1	0	0	0
Public Works:											
Water and Sewer	10	8	10	6	6	7	9	7	8	7	9
Sanitation	10	10	10	10	10	10	10	9	10	10	10
Building and Code	1	2	2	3	3	3	3	3	4	4	5
Total Public Works	21	20	22	19	19	20	22	19	22	21	24

Source: City Departments

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

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	1,687
Fire											
Call Responses	544	588	571	571	587	621	638	845	744	808	769
Highways and Streets											
Asphalt Repairs (tons)	36	40	40	17	31	10	7	11	17	23	40
Culture and Recreation											
Acreage	40	40	40	40	40	40	40	40	40	40	41
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	1,870
Average Daily Water Consumption											
(millions of gallons)	1	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	1,815
Solid Waste Operations											
Refuse collected (cubic yards per day)	26	27	27	35	29	38	37	43	41	39	33
Active Refuse Accounts	1,838	2,009	1,848	1,803	1,831	1,809	1,812	1,802	1,777	1,764	1,774

Source: City Departments





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1421 East 45th Street Shawnee, OK 74804

### 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, 2024, 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 6, 2024. 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.

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### **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.

Finley + Cook, PLIC

Shawnee, Oklahoma December 6, 2024