

CITY OF NOBLE, OKLAHOMA

June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

Members of the City Council
City of Noble, Oklahoma

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the government activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Noble, Oklahoma as of and for the year ended June 30, 2014, and the related notes to the financial, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1.C.; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for 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 error or fraud.

Auditor's Responsibility

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

An audit involves procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Noble, Oklahoma, as of June 30, 2014, and the respective changes in modified cash basis financial position, and where applicable, cash

flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.C.

Basis of Accounting

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Noble, Oklahoma basic financial statements. The Supplemental Information as listed in the table of contents, are presented for additional analysis and are not a required part of the basic financial statements.

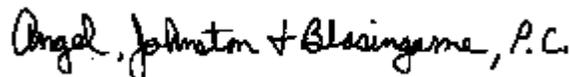
The combining statements, the budgetary comparison information and the federal and state awards information are the responsibility of management, derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining statements, the budgetary comparison information and the federal and state awards information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Disclaimer of Opinion on Other Information

The Management's Discussion and Analysis starting on page A-3 and the OMRF-Unaudited Schedule of Funding Progress, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2014, 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 the 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.



Chickasha, Oklahoma
December 16, 2014

CITY OF NOBLE

Rose Rock Capital of the World

Management's Discussion and Analysis
Unaudited
June 30, 2014

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements.

The City as a Whole

The analysis below focuses on the net assets and changes in net position of the City's governmental and business-type activities.

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 1,205,903	\$ 1,011,419	\$ 980,620	\$ 1,000,246	\$ 2,186,523	\$ 2,011,665
Capital assets	4,449,530	4,688,808	4,912,860	4,983,620	9,362,390	9,672,428
Total Assets	<u>5,655,433</u>	<u>5,700,227</u>	<u>5,893,480</u>	<u>5,983,866</u>	<u>11,548,913</u>	<u>11,684,093</u>
Long-term debt	954,413	1,253,138	2,637,087	2,967,276	3,591,500	4,220,414
Other liabilities	147,539	58,667	102,533	237,258	250,072	295,925
Total Liabilities	<u>1,101,952</u>	<u>1,311,805</u>	<u>2,739,620</u>	<u>3,204,534</u>	<u>3,841,572</u>	<u>4,516,339</u>
Net position:						
Invested in capital assets						
net of debt	3,346,471	3,435,670	2,322,098	2,065,394	5,668,569	5,501,064
Restricted	626,172	606,311	460,960	381,564	1,087,132	987,875
Unrestricted	580,838	346,441	370,802	332,373	951,640	678,814
Total Net Position	<u>\$ 4,553,481</u>	<u>\$ 4,388,422</u>	<u>\$ 3,153,860</u>	<u>\$ 2,779,331</u>	<u>\$ 7,707,341</u>	<u>\$ 7,167,753</u>

The City as a Whole – (Continued)

	Change in Net Position					
	Governmental		Business-type		Total	
	Activities		Activities		Government	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 780,066	\$ 778,438	\$ 1,907,222	\$ 1,904,346	\$ 2,687,288	\$ 2,682,784
Federal grants	358	331,667	67,500		67,858	331,667
State grants/entitle	13,613				13,613	-
Donations	1,000				1,000	-
General revenues:					-	-
Property taxes	233,460	237,293			233,460	237,293
Other taxes	2,033,291	1,791,359			2,033,291	1,791,359
Other general rev.	60,670	89,943	15,099	18,230	75,769	108,173
Total revenues	<u>3,122,458</u>	<u>3,228,700</u>	<u>1,989,821</u>	<u>1,922,576</u>	<u>5,112,279</u>	<u>5,151,276</u>
Program expenses:						
Administration	286,741	259,524	116,869	101,971	403,610	361,495
Public Safety	2,159,427	2,129,123			2,159,427	2,129,123
General government	159,686	131,732	237,674	228,762	397,360	360,494
Library	73,282	66,352			73,282	66,352
Parks	17,291	21,863			17,291	21,863
Streets	325,607	276,770			325,607	276,770
Water			486,044	551,078	486,044	551,078
Sewer			578,082	274,272	578,082	274,272
Sanitation			293,166	316,886	293,166	316,886
Interest L-T debt	33,438	32,480			33,438	32,480
Total expenses	<u>3,055,472</u>	<u>2,917,844</u>	<u>1,711,835</u>	<u>1,472,969</u>	<u>4,767,307</u>	<u>4,390,813</u>
Excess (deficiency)						
before transfers	66,986	310,856	277,986	449,607	344,972	760,463
Transfers	40,381	78,915	(40,381)	(78,915)	-	-
Increase (decrease)						
in net position	<u>107,367</u>	<u>389,771</u>	<u>237,605</u>	<u>370,692</u>	<u>344,972</u>	<u>760,463</u>

The City as a Whole – (Continued)

The Changes in Net Asset section showed a slight decline from the prior year based almost entirely on the difference in grant funds received in the previous year. However, the reduction in Net Assets was offset by a reduction in spending which resulted in an increase in the Total Net Position of a positive \$539,588.

Governmental Activities

Governmental Activities include revenues and assets generated from taxes and intergovernmental sources and their offsetting program expenses. Governmental Activities in Noble include the General Fund, the Noble Emergency Medical Service and the Sinking Fund. Total Governmental Activity Revenues for 2014 showed a \$44,794 decrease from 2013. This was because in 2013 we received a large federal grant. In 2014 we received only \$67,500 in federal grants. In spite of the grant disparity the 2014 Net Position indicated an increase of \$165,059.

Business-Type Activities

Business-Type Activities include the assets and service fees from the sale of water, sewer, and sanitation service. The sanitation service is contracted out and continues to be a principal source of net income for the Noble Utility Authority. The Noble Public Works Department operates the water and wastewater system. 2014 showed an increase in Business-Type Activity net position of \$354,529.

Highlights

The City carried over a significant amount of money from a prior year street bond issue and we were heavily involved in that street improvement project in 2014. In the Business-Type Activities the City completed a locally funded waste water improvement project to replace approximately 2000 LF of old sewer main lines and 5 old manholes to reduce the inflow of storm water in the Original Town area.

Capital Asset and Debt Administration

Noble continues to follow a conservative financial policy. Noble has two large loans. The largest long term debt (waste water plant \$4.7M) will payoff in 2.5 years. The other loan, a 15 year loan for water system improvements (\$1.2M) was funded by rate increases. We are careful to pursue capital projects for waste water improvements, parks and sidewalks from available grant programs, and significant street improvements with General Obligation Bonds which do not tie up general revenues. The city also utilizes lease/purchase programs for police cars and public works trucks which have been cost effective. With careful attention to cash flow, the city has tried to prioritize and space short term obligations to acquire and improve capital assets.

Economic Factors and Next Year's Budget and Rates

We are cautiously optimistic. There are important new developments that indicate commercial and residential growth are in Noble's future. Noble will continue a conservative financial approach, but new economic development opportunities will be explored with the intent of attracting retail business which will generate the sales tax needed for future growth.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors 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 information, we welcome you to contact the City Clerk's office.

See disclaimer in independent auditor's report.

BASIC FINANCIAL STATEMENTS

CITY OF NOBLE, OKLAHOMA
Statement of Net Position - Modified Cash Basis
June 30, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 1,205,903	\$ 842,295	\$ 2,048,198
Investments		92,000	92,000
Due from Other Funds			-
Capitalized Interest		46,325	46,325
Capital Assets:			
Land and Other Non-depreciable Assets	368,578	73,500	442,078
Construction in Progress			-
Other capital assets, net	<u>4,080,952</u>	<u>4,839,360</u>	<u>8,920,312</u>
<i>Total Assets</i>	<u>5,655,433</u>	<u>5,893,480</u>	<u>11,548,913</u>
<u>Liabilities</u>			
Other Liabilities	(1,107)	1,683	576
Due to Other Funds			-
Due to Depositors		100,850	100,850
Long-Term Liabilities:			
Due within one year	148,646	433,150	581,796
Due in more than one year	<u>954,413</u>	<u>2,203,937</u>	<u>3,158,350</u>
<i>Total Liabilities</i>	<u>1,101,952</u>	<u>2,739,620</u>	<u>3,841,572</u>
<u>Net Position</u>			
Invested in Capital Assets, net of related debt	3,807,569	2,322,098	6,129,667
Restricted by:			
Enabling Legislation	140,074		140,074
Statutory requirements			-
Other Contracts	25,000	460,960	485,960
Unrestricted	<u>580,838</u>	<u>370,802</u>	<u>951,640</u>
<i>Total Net Position</i>	<u>\$ 4,553,481</u>	<u>\$ 3,153,860</u>	<u>\$ 7,707,341</u>

See accompanying notes to basic financial statements.

CITY OF NOBLE, OKLAHOMA
Statement of Activities - Modified Cash Basis
For the Year Ending June 30, 2014

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expenses) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary Government:							
Governmental Activities:							
Administration	\$ 286,741	\$	\$	\$	\$ (286,741)	\$ -	\$ (286,741)
Public Safety	2,159,427	690,661	5,474	6,997	(1,456,295)	-	(1,456,295)
Streets	325,607	37,554			(288,053)	-	(288,053)
General Government	159,686	49,081			(110,605)	-	(110,605)
Library	73,282				(73,282)	-	(73,282)
Parks	17,291	2,770	2,500		(12,021)	-	(12,021)
Interest Expense	33,438				(33,438)	-	(33,438)
<i>Total Governmental Activities</i>	<u>3,055,472</u>	<u>780,066</u>	<u>7,974</u>	<u>6,997</u>	<u>(2,260,435)</u>	<u>-</u>	<u>(2,260,435)</u>
Business-Type Activities:							
Administration	116,869		-	-	-	(116,869)	(116,869)
General Government	237,674		-	-	-	(237,674)	(237,674)
Water	486,044	838,846	-	67,500	-	420,302	420,302
Sewer	578,082	512,827	-	-	-	(65,255)	(65,255)
Sanitation	293,166	555,549	-	-	-	262,383	262,383
<i>Total Business-Type Activities</i>	<u>1,711,835</u>	<u>1,907,222</u>	<u>-</u>	<u>67,500</u>	<u>-</u>	<u>262,887</u>	<u>262,887</u>
<i>Total Primary Government</i>	<u>4,767,307</u>	<u>2,687,288</u>	<u>7,974</u>	<u>74,497</u>	<u>(2,260,435)</u>	<u>262,887</u>	<u>(1,997,548)</u>
General Revenues:							
Taxes:							
Sales Tax					1,594,061		1,594,061
Use Tax					74,494		74,494
Property Tax					233,460		233,460
Franchise Tax					264,076		264,076
E-911 Tax					1,502		1,502
Intergovernmental Revenue					99,158		99,158
Investment Income					1,764	1,353	3,117
Miscellaneous					58,906	13,746	72,652
Transfers - Internal Activity					40,381	(40,381)	-
<i>Total General Revenues and Transfers</i>					<u>2,367,802</u>	<u>(25,282)</u>	<u>2,342,520</u>
<i>Change in Net Position</i>					107,367	237,605	344,972
<i>Net Position - Beginning, restated</i>					<u>4,446,114</u>	<u>2,916,255</u>	<u>7,362,369</u>
<i>Net Position - Ending</i>					<u>\$ 4,553,481</u>	<u>\$ 3,153,860</u>	<u>\$ 7,707,341</u>

See accompanying notes to basic financial statements.

CITY OF NOBLE, OKLAHOMA
Statement of Assets, Liabilities, and Fund Equity
Governmental Funds - Modified Cash Basis
June 30, 2014

	General Fund	Noble EMS Fund	Capital Improvement 2012 GO Bond Proceeds	Non Major Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and Cash Equivalents	\$ 584,613	\$ 5,689	\$ 461,097	\$ 140,074	\$ 1,191,473
Deposits with Insurance Pool	14,430				14,430
Due from Other Funds					-
<i>Total Assets</i>	599,043	5,689	461,097	140,074	1,205,903
<u>Liabilities</u>					
Encumbrances Payable					-
Court Bonds Payable	875				875
Payables	(3,831)	1,849			(1,982)
Due to Other Funds					-
<i>Total Liabilities</i>	(2,956)	1,849	-	-	(1,107)
<u>Fund Balances</u>					
Non Spendable			-	-	-
Restricted	25,000		461,097	140,074	626,171
Committed					-
Assigned	5,728	3,840			9,568
Unassigned	571,271				571,271
<i>Total Fund Balances</i>	601,999	3,840	461,097	140,074	1,207,010
<i>Total Liabilities and Fund Balances</i>	\$ 599,043	\$ 5,689	\$ 461,097	\$ 140,074	\$ 1,205,903

See accompanying notes to basis financial statements

CITY OF NOBLE, OKLAHOMA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Modified Cash Basis
For the Year Ending June 30, 2014

	<u>General Fund</u>	<u>Noble EMS Fund</u>	<u>Capital Improvement 2012 GO Bond Proceeds</u>	<u>Non Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 1,934,132	\$	\$	\$ 233,460	\$ 2,167,592
Intergovernmental	113,129				113,129
Fines and Forfeitures	152,656				152,656
Licenses and Permits	49,081				49,081
Charges for Services	37,554	538,005			575,559
Investment Income	659	26	584	494	1,763
Miscellaneous	69,816			137	69,953
<i>Total Revenues</i>	<u>2,357,027</u>	<u>538,031</u>	<u>584</u>	<u>234,091</u>	<u>3,129,733</u>
Expenditures					
Current:					
Administration	256,655	27,586			284,241
Police	975,170				975,170
Animal Control	56,787				56,787
Fire/EMS	305,884	671,964			977,848
General Government	144,022				144,022
Library	30,199				30,199
Parks	5,857				5,857
Streets	191,033				191,033
Capital Outlay	120,416		4,459		124,875
Debt Service	37,512			146,005	183,517
<i>Total Expenditures</i>	<u>2,123,535</u>	<u>699,550</u>	<u>4,459</u>	<u>146,005</u>	<u>2,973,549</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>233,492</u>	<u>(161,519)</u>	<u>(3,875)</u>	<u>88,086</u>	<u>156,184</u>
Other Financing Sources (Uses)					
Loan Proceeds	-				-
Transfers In	1,596,605	127,187			1,723,792
Transfers Out	(1,594,061)			(89,350)	(1,683,411)
<i>Total Other Financing Sources (Uses)</i>	<u>2,544</u>	<u>127,187</u>	<u>-</u>	<u>(89,350)</u>	<u>40,381</u>
<i>Net Change in Fund Balances</i>	236,036	(34,332)	(3,875)	(1,264)	196,565
<i>Fund Balances - Beginning</i>	310,566	35,877	464,972	141,338	952,753
<i>Prior Period Adjustment</i>	55,397	2,295			57,692
<i>Fund Balances - Beginning - Restated</i>	365,963	38,172	464,972	141,338	1,010,445
<i>Fund Balances - Ending</i>	<u>\$ 601,999</u>	<u>\$ 3,840</u>	<u>\$ 461,097</u>	<u>\$ 140,074</u>	<u>\$ 1,207,010</u>

See accompanying notes to financial statements

CITY OF NOBLE, OKLAHOMA
Reconciliation of Governmental Fund and Government-Wide Financial Statements
Governmental Funds - Modified Cash Basis
June 30, 2014

Reconciliation to Statement of Net Assets:

Fund balances of governmental funds		\$ 1,207,010
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds:		
	Capital assets	7,238,154
	Accumulated depreciation	(2,788,624)
	Note issue costs, net	0
Some liabilities are not due and payable in the current period and, therefore are not reported in the funds:		
	Capital lease obligation	(62,390)
	State obligation payable	(15,669)
	General obligation bonds payable	<u>(1,025,000)</u>
Net assets of governmental activities		<u>\$ 4,553,481</u>

Reconciliation to Statement of Activities:

Net change in fund balances of governmental funds		\$ 196,565
Amounts reported for governmental activities on the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
	Capital asset purchases capitalized	62,684
	Depreciation expense	(294,686)
Revenues in the Statements of Activities that do not provide current financial resources are not reported as revenues in the funds:		
	Loss on Disposal of Assets	(7,276)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:		
	Note proceeds, net	
	Capital lease obligation payments	32,323
	State obligation payable	2,756
	General obligation bonds principal payments	<u>115,000</u>
Change in net assets of governmental activities		<u>\$ 107,366</u>

See accompanying notes to basic financial statements.

CITY OF NOBLE, OKLAHOMA
Statement of Net Position
Proprietary Funds - Modified Cash Basis
June 30, 2014

	<u>Enterprise Funds</u>		<u>Total Proprietary Funds</u>
	<u>Noble Utilities Authority</u>	<u>Non-Major Enterprise Fund</u>	
<u>Assets</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 438,085	\$	\$ 438,085
Restricted Cash and Cash Equivalents	393,460	10,750	404,210
Due from Other Funds		100	100
<i>Total Current Assets</i>	<u>831,545</u>	<u>10,850</u>	<u>842,395</u>
Noncurrent Assets:			
Restricted Investments		92,000	92,000
Capitalized Interest	46,325		46,325
Land and Other Non-depreciable Assets	73,500		73,500
Other Capital Assets, net of depreciation	4,839,360		4,839,360
<i>Total Noncurrent Assets</i>	<u>4,959,185</u>	<u>92,000</u>	<u>5,051,185</u>
<i>Total Assets</i>	<u>5,790,730</u>	<u>102,850</u>	<u>5,893,580</u>
<u>Liabilities</u>			
Current Liabilities:			
Payroll Withholding Payable	1,583		1,583
Other Deposits	100		100
Due to Other Funds	100		100
Due to Depositors		100,850	100,850
Notes Payable	433,150		433,150
<i>Total Current Liabilities</i>	<u>434,933</u>	<u>100,850</u>	<u>535,783</u>
Noncurrent Liabilities:			
Notes Payable	2,203,937	-	2,203,937
<i>Total Noncurrent Liabilities</i>	<u>2,203,937</u>	<u>-</u>	<u>2,203,937</u>
<i>Total Liabilities</i>	<u>2,638,870</u>	<u>100,850</u>	<u>2,739,720</u>
<u>Net Position</u>			
Invested in Capital Assets, net of related debt	2,322,098	-	2,322,098
Restricted for Debt Service	380,502	-	380,502
Restricted for Capital Improvements	80,458		80,458
Unrestricted	368,802	2,000	370,802
<i>Total Net Position</i>	<u>\$ 3,151,860</u>	<u>\$ 2,000</u>	<u>\$ 3,153,860</u>

See accompanying notes to basic financial statements.

CITY OF NOBLE, OKLAHOMA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds - Modified Cash Basis
For the Year Ending June 30, 2014

	<u>Enterprise Funds</u>		Total Proprietary Funds
	<u>Noble Utilities Authority</u>	<u>Non-Major Enterprise Fund</u>	
Operating Revenues			
Charges for Services:			
Pledged:			
Water revenue	\$ 766,883	\$	\$ 766,883
Sewer revenue	462,165		462,165
Penalties	40,115		40,115
Miscellaneous fees	82,510		82,510
Unpledged:			
Sanitation revenue	555,549		555,549
<i>Total Operating Revenues</i>	<u>1,907,222</u>	<u>-</u>	<u>1,907,222</u>
Operating Expenses			
Administration	116,869		116,869
General Government	237,674		237,674
Water operations	299,455		299,455
Sewer operations	471,864		471,864
Sanitation operations	293,166		293,166
Depreciation expense	201,109		201,109
<i>Total Operating Expenses</i>	<u>1,620,137</u>	<u>-</u>	<u>1,620,137</u>
<i>Operating Income (Loss)</i>	<u>287,085</u>	<u>-</u>	<u>287,085</u>
Nonoperating Revenues (Expenses)			
Investment income	1,353		1,353
Interest expense	(91,698)		(91,698)
Grant revenue	67,500		67,500
Miscellaneous revenue	16,246		16,246
Trustee fees	(2,500)		(2,500)
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(9,099)</u>	<u>-</u>	<u>(9,099)</u>
Net Income (Loss) Before Contributions and Transfers	277,986	-	277,986
Contributed Capital			-
Contribution Expense			-
Pledged as security for revenue notes:			
Transfer In - Sales Tax			-
Transfers In	1,594,061		1,594,061
Transfers Out	(1,634,442)		(1,634,442)
<i>Change in Net Position</i>	237,605	-	237,605
<i>Net Position - Beginning</i>	2,777,331	2,000	2,779,331
<i>Prior Period Adjustment</i>	136,924		136,924
<i>Net Position - Beginning - Restated</i>	<u>2,914,255</u>	<u>2,000</u>	<u>2,916,255</u>
<i>Net Position - Ending</i>	<u>\$ 3,151,860</u>	<u>\$ 2,000</u>	<u>\$ 3,153,860</u>

See accompanying notes to basic financial statements.

CITY OF NOBLE, OKLAHOMA
Statement of Cash Flows
Proprietary Funds - Modified Cash Basis
For the Year Ending June 30, 2014

	<u>Enterprise Funds</u>		<u>Total Proprietary Funds</u>
	<u>Noble Utilities Authority</u>	<u>Non-Major Enterprise Fund</u>	
Cash Flows From Operating Activities			
Receipts from customers	\$ 1,907,222	\$	\$ 1,907,222
Employees Paid	(453,611)		
Vendors and others paid	(963,876)		(963,876)
Customer meter deposits receipts/refunds		3,564	3,564
Other receipts (payments)			-
<i>Net Cash Provided by Operating Activities</i>	<u>489,735</u>	<u>3,564</u>	<u>946,910</u>
Cash Flows From Noncapital Financing Activities			
Miscellaneous revenues	16,818		16,818
Grants	67,500		67,500
Transfers from other funds	1,594,192	200	1,594,392
Transfers to other funds	(1,637,248)		(1,637,248)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>41,262</u>	<u>200</u>	<u>41,462</u>
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(130,921)		(130,921)
Loan Proceeds	85,613		85,613
Principal paid on debt	(415,802)		(415,802)
Fiscal charges paid on debt	(2,500)		(2,500)
Interest paid on debt	(88,973)		(88,973)
<i>Net Cash Provided by (used in) Capital and Related Financing Activities</i>	<u>(552,583)</u>	<u>-</u>	<u>(552,583)</u>
Cash Flows From Investing Activities			
Interest received	1,353		1,353
Increase in investments			-
<i>Net Cash Provided by Investing Activities</i>	<u>1,353</u>	<u>-</u>	<u>1,353</u>
<i>Net Increase in Cash and Cash Equivalents</i>	(20,233)	3,764	(16,469)
<i>Balance - Beginning of the Year</i>	<u>851,778</u>	<u>7,086</u>	<u>858,864</u>
<i>Balance - End of the Year</i>	<u>831,545</u>	<u>10,850</u>	<u>842,395</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	287,085	-	287,085
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	201,109		201,109
Changes in assets and liabilities:			
Encumbrances payable	1,541		1,541
Due to depositors		3,564	3,564
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 489,735</u>	<u>\$ 3,564</u>	<u>\$ 493,299</u>

See accompanying notes to basic financial statements.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies

1.A. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of Noble), its blended and discretely presented component units. This report includes all activities for which the City of Noble's City Council is fiscally responsible. In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" and Statement No. 61 "The Financial Reporting Entity: Omnibus" and includes all component units for which the City is financially accountable.

The City of Noble – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities.

The City of Noble is an incorporated municipality with a population of approximately 6,400 located in central Oklahoma. The City is a Council/Manager form of government and operates under a charter that provides for three branches of government:

- Legislative – the City Council is a five-member governing body of which the council members are elected by wards and the mayor is elected by the citizens at large
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

Blended Component Units

Noble Utilities Authority - The trust has as its purpose to finance, develop, and operate the utility services and physical facilities (NUA).

Noble Economic Development Authority - The trust has as its purpose to stimulate economic growth and development of the beneficiary City (NEDA). The NEDA is financially inactive.

The component unit is a Public Trust established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain 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 for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

The NUA has the City Council as heir governing body (trustee) and the City is able to impose its will on the Authority through required approval of all debt obligations issued by these entities.

As required by state law, all debt obligations incurred by the NUA must be approved by two-third vote of the City Council. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trust within the City's financial reporting entity. The public trust does not issue separate annual financial statements.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

Noble EMS District - The Noble EMS District was formed under the provisions of the Oklahoma Constitution, Article 10, Section 9C for the purpose of providing ambulance service within a district comprised of the municipal limits of the City of Noble, Oklahoma.

The Noble EMS District and the City of Noble entered into an agreement in October 5, 2009 whereas the City agrees to account for ambulance revenues and expenses, to provide space for medical technicians, vehicles, equipment and supplies, to contract for lease purchase of ambulance vehicles and equipment, to provide training and uniforms for EMS technicians, to provide dispatcher service, and to provide office help. The District agrees to delegate to the City all hiring authority, to determine what level of ambulance service will be provided, to prepare the fiscal year budget and to issue bonds, if needed. All revenue from the district is given to the City's EMS Fund and the City bills and makes all decisions related the ambulance operations.

Discretely Presented Component Unit

Noble Economic Development Authority - The trust has as its purpose to stimulate economic growth and development of the beneficiary City (NEDA). The NEDA is financially inactive. Since it has no activity no financial information is reported on the NEDA.

1.B. Basis of Presentation

Government-Wide Financial Statements - The Statement of Net Position and Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

1.C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures/expenses are recognized and reported in the financial statements. This relates to the timing of the revenues, expenditures/expenses regardless of the measurement focus applied. Measurement focus identifies which transactions and events should be recorded. In the governmental fund financial statements, a current financial resources measurement focus is applied. In the government-wide Statement of Net Position and the Statement of Activities, and the proprietary funds, an economic resources measurement focus is applied.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

Both governmental and business-type activities in the government-wide financial statements and the fund financial statements are presented using a modified cash basis of accounting. This modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles. These modifications include adjustments for the following balances arising from cash transactions:

- capital assets and the depreciation of those assets, where applicable
- long-term debt
- cash-based interfund receivables and payables, if any
- investments and other deposits
- encumbrances payable
- utility deposit liabilities

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

If the City used the basis of accounting required by generally accepted accounting principles, the fund financial statements for governmental funds would use the modified accrual basis of accounting and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting. Under the modified accrual basis of accounting, revenues would be recognized when susceptible to accrual (i.e. both measurable and available) and expenditures would be recorded when the current liability is incurred. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred.

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

- Public Safety: EMS runs, police fines and grants
- Streets: Gas excise, commercial vehicle taxes, street lights and operating and capital grants
- General Government: license and permits and operating and capital grants
- Parks: Rentals and operating and capital grants

The City reports the following funds:

Governmental Funds

Major Governmental Funds:

- General Fund - is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

- Noble EMS Fund - accounts for emergency medical service activities.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

Capital Project Fund:

- 2012 GO Bond Proceeds Fund – to account for the bond proceeds for street improvements.

Aggregated Non-Major Governmental Funds:

Special Revenue Funds:

- Noble EMS District - accounts for emergency medical service activities (blended component unit). The district receives voter approved ad valorem taxes for operations and has debt funded from voter approved ad valorem taxes. Its operations are handled by the City and its contracts with the City handle the EMS operations. Therefore the operation ad valorem tax is transferred to the City EMS fund.

Debt Service Funds

- Noble Sinking Fund – to account for ad valorem tax collections to liquidate 2012 bonds for street improvements

Proprietary Funds

Enterprise funds: are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Noble Utility Authority enterprise fund and the related meter deposit fund. This fund accounts for activities of the public trust in providing water, wastewater and sanitation services to the public.

Major Enterprise Funds:

- Noble Utilities Authority – that operates the water, sewer, and sanitation services of the City (blended component unit).

Non-Major Enterprise Funds:

- Meter Fund - accounts for refundable water meter deposits.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

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

1.D. Assets, Liabilities and Fund Equity

Cash, Cash Equivalents and Investments - The City's cash and cash equivalents are considered to be cash on hand, demand deposit accounts, interest bearing checking accounts and time deposit accounts including certificates of deposit with maturities of three months or less from the date of acquisition and open-end government mutual funds.

Investments for the City, as well as for its component units, are reported at cost.

Deposits with Insurance Pool - Typically past refunds or interest earnings left on deposit with the Workers Compensation Insurance Plan to be disbursed upon instruction by the City of Noble. This deposit is held in escrow by the insurance pool and is invested. It is included in the cash and cash equivalents.

Restricted Assets - Restricted assets include assets that are legally restricted as to their use. The primary restricted assets are related to customer utility deposits and trustee accounts restricted for debt service and capital improvements.

Capital Assets - The accounting treatment of property, plant and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements. In the government-wide statements and proprietary fund financial statements, capital assets are accounted for as capital assets, net of accumulated depreciation where applicable. In governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures and not reported as capital assets.

Capital assets consist of land, construction in progress, buildings, improvements, utility property/improvements, vehicles and equipment, surplus property and infrastructure. Recorded assets are reported at actual or estimated historical cost. A capitalization threshold of \$2,000 is used to report capital assets. Donated capital assets are recorded at estimated fair market value at the date of donation. Estimated historical cost was used to value the majority of the assets, including infrastructure assets (such as roads, bridges, traffic systems) acquired prior to July 1, 2003. However, the infrastructure assets related to the current debt of the City and the Authority as of June 30, 2004 have been capitalized based upon the original bond issue cost or other debt. Infrastructure assets acquired since July 1, 2003 are recorded at cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The depreciable capital assets are depreciated on a straight-line basis over the assets' estimated useful lives. The range of estimated useful lives by type of asset is as follows:

- Buildings 40 years
- Improvements other than buildings 20 years
- Vehicles and equipment 10 years
- Utility property and improvements 40-50 years
- General Infrastructure 15-50 years

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

Due to Depositors - Represents the funds received from customers for their water utility deposits. These deposits are refunded or credited to the customer upon termination of the utility service and payment of all charges due and connected with the service. Effective August 2000, utility customers having a five-year history of good payment are eligible for a refund of their deposit.

Police Bond Liability - Represents municipal court bonds held for individuals awaiting court dates.

Long-Term Obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as debt service expenditures.

Compensated Absences – As a result of the use of the modified cash basis of accounting, accrued liabilities related to compensated absences (accumulated but unused vacation leave and compensatory time earned but unpaid at year-end), are not reflected in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences has been reported as a commitment in Note 4.C.

Fund Balances and Net Assets –

Fund 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 (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. The Town's highest level of decision-making authority is made by ordinance while the MMA's highest level of decision-making authority is made by resolution.
- d. Assigned – includes amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by Town council action or management decision when the Town council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City's policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balances are available. The City's policy for the use of unrestricted fund balance amounts require that committed amounts would be

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

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. The only exception to this policy is for assigned interest income in governmental funds other than the General Fund to be spent prior to restricted fund balance. In those funds, interest income is used first before other revenues.

Net Position:

Net assets are displayed in three components:

- a. *Invested in capital assets, net of related debt* – 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 attributed to the acquisition, construction, or improvements of those assets.
- b. *Restricted net assets* – Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net assets* – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

1.E. Sales Tax Revenue

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. The sales tax recorded is allocated one hundred percent to the General Fund. The City has pledged the four-cent sales tax to secure debt service payments in the Noble Utilities Authority. The sales tax is transferred to NUA each month. The Authority has the right to return to the City any part of the appropriated sales tax, if there is no event of default. For the year ended June 30, 2014, the City of Noble transferred sales tax of \$1,594,061 to NUA and NUA transferred \$1,594,061 back to the General Fund of the City of Noble to be used by the City.

1.F. Property Tax Revenue

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 the voters. At present time the City levies a property tax to fund the annual debt service requirements of the 2012 Street Improvement General Obligation Bonds. The Noble EMS District levies a property tax to fund the annual debt service requirements of the 2006 Noble Emergency Medical Service District General Obligation Bonds. The EMS District also levies 3.08 mills for the operation of the EMS services in the District.

The property tax levy, as determined by the City and the Noble EMS District’s debt service needs, is submitted to the county excise board for approval. The county assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1; the county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

1.G. Use of Estimates

In preparing the City of Noble's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Depreciation is an estimate of the allocation of the cost of assets over its estimated useful life.

Note 2 – Stewardship, Compliance, and Accountability

2.A. Budgetary Information

The city manager submits an annual budget to the City Council in accordance with the Oklahoma Municipal Budget Act. In June the City Council adopts annual fiscal year appropriated budgets for all city funds.

The appropriated budget is prepared by fund, department and categories (personal services, materials and supplies, other services and charges, capital outlay, debt service and transfers). Transfers of appropriations between departments within a fund require the approval of the City Manager. Transfers of appropriations between funds and supplements to the budget require City Council approval. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The Sinking Fund and Emergency Medical Service Board estimate of needs must be filed with the county excise board.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

Note 3 – Detailed Notes on all Funds

3.A. Deposits and Investments Risk

At June 30, 2014, the reporting entity had the following deposits and investments:

<u>Types of Deposits and Investments</u>	<u>Carrying Value</u>				
Deposits:					
Petty Cash	\$ 150				
Demand deposits	2,013,160				
OMAG Escrow	14,430				
Time Deposits	92,000				
Total Deposits	\$ 2,119,740				
Investments:					
Open End Mutual Fund - (American Performance U.S. Treasury)	<table style="display: inline-table; vertical-align: middle;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;"><u>Maturities</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Credit Rating</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">N/A</td> <td style="text-align: center;">AAA</td> </tr> </tbody> </table>	<u>Maturities</u>	<u>Credit Rating</u>	N/A	AAA
<u>Maturities</u>	<u>Credit Rating</u>				
N/A	AAA				
Total Deposits and Investments	\$ 2,139,633				

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a written deposit policy for custodial credit risk, but *Oklahoma Statutes* requires collateral for all uninsured deposits of municipal funds in financial institutions. As of June 30, 2014, the City was exposed to custodial credit risk. The money market mutual funds are not insured or guaranteed by the FDIC or any other government agency. The other City accounts were fully collateralized at June 30, 2014.

Investment Credit Risk – The City does not have a written investment policy that limits its investment choices other than the limitations stated in the *Oklahoma Statutes*. *Oklahoma Statutes* allow the City to invest in: (1) full faith and credit, direct obligations of the U.S. Government, its agencies, its instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposits or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; (4) county, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgements, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district; and government money market funds regulated by the SEC. Public trusts created under O.S. Title 60, are not subject to the above investment limitations and are primarily governed by any restrictions in their trust or note indenture. The City’s only marketable investments at June 30, 2014 consisted of \$19,893 in open ended mutual funds invested in U.S. Treasury securities with a Standard & Poor’s credit rating of AAA.

Investment Interest Rate Risk – The City does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City’s only investments are in open ended mutual funds with available on demand. All certificates of deposit have maturities no later than April 2014.

Concentration of Credit Risk – The City places no limit on the amount it may invest in any one issuer.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

3.B. Restricted Assets

The amounts reported as restricted assets consist of cash and investments held for the expenditure of bond proceeds and payment of bonds related to GO Bonds, amounts held by the trustee bank on behalf of the Noble Utilities Authority related to its required revenue bond accounts and amounts due to depositors related to utility deposits. The restricted assets as of June 30, 2014 were as follows:

<u>Type of Restricted Assets</u>	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Water Project 2011	\$ 12,958	\$ -
Customer Utility Deposits	10,750	92,000
Revenue Bonds Account	360,609	-
Trustee Accounts:		
Note-GO Bond	19,608	-
Note Interest Fund	123	-
Note Principal Fund	162	-
Total Restricted Assets	<u>\$ 404,210</u>	<u>\$ 92,000</u>

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

3.C. Capital Assets

Capital asset activity resulting from modified cash basis transactions for the fiscal year ended June 30, 2014 was as follows:

	Balance 6/30/2013	Additions	Disposals	Balance 6/30/2014
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 364,578	\$ 4,000		\$ 368,578
Construction in progress	-			-
Total Capital Assets, not being depreciated	<u>364,578</u>	<u>4,000</u>	<u>-</u>	<u>368,578</u>
Capital assets, being depreciated:				
Buildings	2,270,753	37,575		2,308,328
Other Improvements	347,458	9,820		357,278
Vehicles and equipment	1,893,224	11,289	(147,943)	1,756,570
Surplus property	192,715		(190,465)	2,250
Infrastructure	2,445,150			2,445,150
Total Capital Assets, being depreciated	<u>7,149,300</u>	<u>58,684</u>	<u>(338,408)</u>	<u>6,869,576</u>
Less accumulated depreciation for:				
Buildings	842,500	56,374		898,874
Other Improvements	95,124	12,340		107,464
Vehicles and equipment	1,169,158	144,436	(144,451)	1,169,143
Surplus property	185,865	3,065	(186,680)	2,250
Infrastructure	532,423	78,471		610,894
Total accumulated depreciation	<u>2,825,070</u>	<u>294,686</u>	<u>(331,131)</u>	<u>2,788,625</u>
Total capital assets, being depreciated, net	<u>4,324,230</u>	<u>(236,002)</u>	<u>(7,277)</u>	<u>4,080,951</u>
Governmental activities capital assets, net	<u>\$ 4,688,808</u>	<u>\$ (232,002)</u>	<u>\$ (7,277)</u>	<u>\$ 4,449,529</u>
Business-Type Activities:				
Capital Assets, not being depreciated:				
Land	\$ 73,500			\$ 73,500
Construction in progress	-			-
Total Capital Assets, not being depreciated	<u>73,500</u>	<u>-</u>	<u>-</u>	<u>73,500</u>
Capital assets, being depreciated:				
Buildings	42,292			42,292
Utility property/Improvements	6,358,722	45,308		6,404,030
Vehicles and equipment	412,547	85,613	(38,574)	459,586
Surplus property	57,679		(57,679)	-
Total Capital Assets, being depreciated	<u>6,871,240</u>	<u>130,921</u>	<u>(96,253)</u>	<u>6,905,908</u>
Less accumulated depreciation for:				
Buildings	31,898	420		32,318
Utility property/Improvements	1,734,162	155,809		1,889,971
Vehicles and equipment	137,380	44,880	(38,002)	144,258
Surplus property	57,679		(57,679)	-
Total accumulated depreciation	<u>1,961,119</u>	<u>201,109</u>	<u>(95,681)</u>	<u>2,066,547</u>
Total capital assets, being depreciated, net	<u>4,910,121</u>	<u>(70,188)</u>	<u>(572)</u>	<u>4,839,361</u>
Business-type activities capital assets, net	<u>\$ 4,983,621</u>	<u>\$ (70,188)</u>	<u>\$ (572)</u>	<u>\$ 4,912,861</u>

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

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

Governmental Activities:

Police	\$ 46,959
Fire/EMS	102,663
General Government	15,664
Library	39,976
Parks	11,434
Streets	77,990
	<u>77,990</u>

Total depreciation expense for governmental activities	\$ 294,686
	<u>294,686</u>

Business-Type Activities:

Water	\$ 94,891
Sewer	106,218
	<u>106,218</u>

Total depreciation expense for business-type activities	\$ 201,109
	<u>201,109</u>

3.D. Long-Term Debt

Governmental Activities - State statutes prohibit the City from incurring any indebtedness or obligations that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval. As of June 30, 2014, the long-term debt, arising from cash transactions, payable from governmental fund resources consisted of the following:

Capital Lease Obligations:

\$4,500 capital debt obligation with Irwin Leasing for digital copier, payable in monthly installments of \$125, final payment due November 2014. \$ 625

Current portion	625
Non-current portion	- 0-
Total Capital Lease Obligations	<u>\$ 625</u>

\$123,572 capital debt obligation with Oklahoma State Bank for police cars, payable in monthly installments of \$2,677, final payment due November 2015. \$ 61,765

Current portion	30,477
Non-current portion	31,288
Total Capital Lease Obligations	<u>\$ 61,765</u>

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

State Obligation:

The City of Noble entered into an agreement on June 1, 1990 with the Oklahoma Department of Transportation to share in utility relocation costs. The City and State have agreed to a 30-year pay out in which the City remits monthly principal installments of \$212, final payment due September 2020.	<u>\$ 15,670</u>
Current portion	2,544
Non-current portion	<u>13,126</u>
Total State Obligation	<u>\$ 15,670</u>

General Obligation Bonds:

\$1,000,000 Series 2012 General Obligation Bonds due in annual installments of \$70,000, final installment of \$90,000 due June 01, 2027, interest payable semi-annually with interest rates from 2.0% to 3.19% for street improvements	<u>\$ 930,000</u>
Current portion	70,000
Non-current portion	<u>860,000</u>
Total Street GO Bonds	<u>\$ 930,000</u>

\$320,000 Series 2006 Noble Emergency Medical Service District Bonds, due in annual installments of \$45,000, final installment of \$50,000 due November 1, 2015, interest payable semi-annually with interest rates from 4.31% to 4.53% for the benefit of the EMS;	<u>\$ 95,000</u>
Current portion	45,000
Non-current portion	<u>50,000</u>
Total EMS General Obligation Bonds	<u>\$ 95,000</u>

Business-Type Activities – As of June 30, 2014, the long-term debt, arising from cash transactions, payable from proprietary fund resources consisted of the following:

Capital Lease Obligations:

\$85,613 capital debt obligation with Welch State Bank for three trucks, payable in monthly installments of \$2,478, final payment due December 16, 2016.	<u>\$ 71,818</u>
Current portion	28,148
Non-current portion	<u>43,670</u>
Total Capital Lease Obligations	<u>\$ 71,818</u>

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

Revenue Notes Payable:

2006 CWSRF Promissory Note to OWRB, original issue amount of \$2,540,000, dated March 30, 2006, issued by Noble Utilities Authority, secured by 2 cent sales tax and revenues derived from the operation of the water and sewer system, interest rate of 3.10%, final maturity dated August 1, 2017. 1,525,000

2012 CWSRF Promissory Note to OWRB, original issue amount of \$1,175,000 dated May, 2011 as of the date of closing, issued by Noble Utilities Authority, secured by a pledge of revenues generated by the of the water and sewer system, along with a year-to-year pledge of certain sales tax revenue with an interest rate not to exceed 2.7% fixed interest rate plus a one half percent (1/2%) administration fee, for a term of approximately twenty (20) years. . 1,040,269

Total Revenue Notes Payable \$ 2,565,269

Current portion 345,002

Non-current portion 2,220,267

Total Revenue Notes Payable \$ 2,565,269

Utility Revenues Pledged

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$2.54 million in a promissory note to OWRB issued March 2006. Proceeds from the note provided financing for the refinancing of the 1997 bonds. Also the OWRB \$1.175 million promissory note issued May, 2011. The notes are payable from water and sewer customer net revenues and future sales tax revenue (discussed below) and are payable through 2017. Annual principal and interest payments on the note are expected to require less than 40 percent of net revenues. The total principal and interest remaining to be paid on the notes is \$2,993,799. Principal and interest paid for the current year and total customer net revenues were \$486,486 and \$1,351,673, respectively.

Sales Tax Revenues Pledged

The City has pledged future sales tax revenues to repay \$2.54 million in a promissory note to OWRB issued March 2006 and the OWRB \$1.175 million 2011 promissory note. Proceeds from the 2006 note provided financing for the refinancing of the 1997 bonds. The notes are payable from future sales tax revenue. The total principal and interest remaining to be paid on the notes are \$2,993,799.03 payable through 2031. For the current year, principal and interest paid and total sales tax revenues were \$486,486 and \$1,594,061 respectively.

Property Tax Revenue Pledged

The City has pledged future property tax revenues to repay two general obligation bonds. One bond is a \$320,000 Series 2006 EMS capital asset bond and the other is a \$1,000,000 Series 2012 street improvement bond. These bonds are payable from future property tax revenue. The total remaining principal and interest to be paid on the bonds totals \$1,216,310 payable through June, 2027. For the current year, principal and interest and total property tax revenues were \$145,205 and \$141,683 respectively.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

Long-term liability activity for the year ended June 30, 2014, was as follows:

	Balance 6/30/13	Additions	Reductions	Balance 6/30/14	Amount Due Within One Year
Governmental Activities:					
Capital Lease Obligation	\$ 1,136	\$ -	\$ (1,136)	\$ -	\$ -
Capital Lease Obligation	2,125	-	(1,500)	625	625
State Obligation	18,426	-	(2,756)	15,670	2,544
Series 2012 GO Bond	1,000,000	-	(70,000)	930,000	70,000
Capital Lease Obligation	91,452	-	(29,687)	61,765	30,477
Series 2006 GO Bonds	140,000	-	(45,000)	95,000	45,000
Total Governmental Activities	\$ 1,253,139	\$ -	\$ (150,079)	\$ 1,103,060	\$ 148,646
Business-Type Activities:					
Capital Lease Obligations	\$ 3,430	\$ -	\$ (3,430)	\$ -	\$ -
Capital Lease Obligations	-	85,613	(13,795)	71,818	28,148
Revenue Notes Payable	2,963,845	-	(398,576)	2,565,269	405,002
Total Business-Type Activities	\$ 2,967,275	\$ 85,613	\$ (415,801)	\$ 2,637,087	\$ 433,150

The annual debt service requirements to maturity are as follows:

Governmental Activities:	<u>Capital Lease Obligations</u>		<u>State Obligations</u>		<u>GO Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year Ending June 30						
2015	31,102	1,643	2,544	-	115,000	26,798
2016	31,288	832	2,544	-	120,000	23,252
2017	-	-	2,544	-	70,000	20,720
2018	-	-	2,544	-	70,000	19,320
2019	-	-	2,544	-	70,000	17,920
2020-2024	-	-	2,950	-	350,000	66,850
2025-2028	-	-	-	-	230,000	16,450
Total	\$ 62,390	\$ 2,475	\$ 15,670	\$ -	\$ 1,025,000	\$ 191,310

Business-Type Activities:	<u>Capital Lease Obligations</u>		<u>Revenue Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year Ending June 30				
2015	28,148	1,592	405,002	75,167
2016	28,916	825	421,387	62,389
2017	14,754	117	437,991	48,927
2018	-	-	449,560	35,035
2019	-	-	51,181	27,214
2020-2024	-	-	282,012	109,966
2026-2029	-	-	331,350	60,629
2030-2034	-	-	186,786	9,203
Total	\$ 71,818	\$ 2,534	\$ 2,565,269	\$ 428,530

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

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

Governmental Activities:	
Police	\$ 2,433
Fire/EMS	5,585
Streets	25,420
Total	\$ 33,438
 Business-Type Activities:	
Water	\$ 91,698

Debt Service Coverage Requirement:

The OWRB debt agreement requires that Net Revenue Available for Debt Service must equal 125% of maximum annual debt service. Actual coverage was met as follows:

	Amount
Net Revenue Available for Debt Service:	
Operating revenues	1,907,222
Less: Sanitation revenues	(555,549)
Investment income	1,353
Sales tax transfer	1,594,061
Total Gross Revenues Available	2,947,087
Operating expenses	1,717,364
Less: Sanitation expenses	(293,166)
Less: Depreciation and Amortization	(203,764)
Total Operating Expenses	1,220,434
Net Revenues Available for Debt Service	\$ 1,726,653
 Debt Service Requirement:	
Maximum annual debt service	\$ 480,168
Coverage	360%
Coverage Requirement	125%

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

3.E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014 was as follows:

Interfund Transfers:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
General Fund	NUA	\$ 1,594,061	To transfer sales tax for debt purposes
NUA	Noble EMS Fund	37,837	Operating subsidy
NUA	General Fund	2,544	Operating subsidy
EMS District	Noble EMS Fund	89,350	To transfer property tax
NUA	General Fund	1,594,061	Return of unused sales tax
		<u>\$ 3,317,853</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 1,723,792	\$ (1,683,411)	\$ 40,381
Enterprise Funds	1,594,061	(1,634,442)	(40,381)
Total	<u>\$ 3,317,853</u>	<u>\$ (3,317,853)</u>	<u>\$ -</u>

3.A. Fund Equity

The following table shows the fund balance classifications as shown in the Governmental Funds' Balance Sheet in accordance with GASB Statement 54 and Proprietary Fund Statement of Net Position:

	<u>General Fund</u>	<u>GO Sinking</u>	<u>GO Bond</u>	<u>Noble EMS</u>	<u>EMS District</u>	<u>Total</u>
Fund Balance:						
Restricted For:						
EMS Sinking					57,815	57,815
EMS Operations					12,899	12,899
G.O. Sinking		69,360				69,360
Tobacco Grant	25,000					25,000
Street Bond A/C			461,097			461,097
Sub-total Restricted	<u>25,000</u>	<u>69,360</u>	<u>461,097</u>	<u>-</u>	<u>70,714</u>	<u>626,171</u>
Assigned to:						
EMS Income				3,840		3,840
Juvenile Court	5,728					5,728
	<u>5,728</u>	<u>-</u>	<u>-</u>	<u>3,840</u>	<u>-</u>	<u>9,568</u>
Unassigned	<u>571,271</u>					<u>571,271</u>
Total Fund Balance	<u>601,999</u>	<u>69,360</u>	<u>461,097</u>	<u>3,840</u>	<u>70,714</u>	<u>1,207,010</u>

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

Proprietary Funds Restricted:	
Water Project Funds	80,458
Debt Service	<u>380,502</u>
Total Proprietary Fund	<u><u>460,960</u></u>

Note 4 - Other Notes

4.A. Risk Management

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

- General Liability, Fleet Coverage, and Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool.
- Fire Department Vehicles – Covered through participation in the Risk Management Division of the Department of Central Services, State of Oklahoma self-insurance pool.
- Workers' Compensation – Workers' compensation is covered through participation in the Oklahoma Municipal Assurance Group risk entity pool.
- Employee's Group Medical – Covered through purchase of commercial insurance.

The City's risk is transferred to the risk entity pool except for claim deductible amounts. The risk pool maintains deposits for claim reserves and other purposes for the benefit of the city. Management believes the insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City, and such claims have not exceeded the coverage over the past three years.

4.B. Contingencies

Federal and State Award Programs - The City of Noble participates in various federal and state grant/loan programs from year to year. Amounts received or receivable from grantor agencies are often subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor agency cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Litigation - The City is a party to various legal proceedings that normally occur in the course of governmental operations. The financial statements do not include accrual or provision for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court-assessed judgement rendered against the City. This provision is not applicable to authorities or public trusts. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgements, the City feels that any settlement or judgement not covered by insurance would not have a material adverse effect on the financial condition of the City.

DEQ Consent Order – At June 30, 2014, the Noble Utilities Authority was under one DEQ Consent Order as follows:

Case #12-015 – Wastewater Discharge – As of June 4, 2014 the City received an agreement with DEQ that they “attain compliance with final OPDES Permit limits”. On August 25, 2014 the City received a letter closing the consent order.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

4.C. Commitments

Compensated Absences – As a result of the City’s use of the modified cash basis of accounting, accrued liabilities related to compensated absences (accumulated but unused vacation leave, compensatory time earned but unpaid at year-end, and banked holiday also fire and police sick leave) are not reflected in the financial statements. Governmental funds obligation for accrued compensated absences is \$389,673, while the General Fund unassigned fund balance is \$596,270 at June 30, 2014. Proprietary funds obligation for accrued compensated absences is \$39,766, while the NUA unreserved fund balance is \$368,802 at June 30, 2014.

Street Overlay – The City has a commitment with a contractor for street overlay capital improvements of \$461,000.

4.D. Employee Pension Plans

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

1. Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
2. Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
3. Oklahoma Municipal Retirement Fund (OMRF) – an agent multiple-employer defined benefit plan

Firefighters’ Retirement Plan – Pursuant to the requirements of Title 11, section 22-102, the City of Noble participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Firefighter’s Pension and Retirement System (OFPRS) on behalf of both paid and volunteer firefighters. The City has no responsibility or authority for the operation and administration of the pension program nor has it any related liability, except for the current contribution requirements.

The contribution rates for the City and its employees are established by Statute. House Bill 2078 increased the rate effective November 1, 2013. The City is required to contribute 13% till November 2013 then 14% thereafter. Participating members are required to contribute 8% till November 2013 then 9% thereafter. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 4545 North Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414.

Schedule of Retirement Plan Contributions – OFPRS

2009	\$	74,966	\$	74,966
2010	\$	75,641	\$	75,641
2011	\$	75,963	\$	75,963
2012	\$	83,313	\$	83,313
2013	\$	68,282	\$	68,282
2014	\$	70,604	\$	70,604

Policemen’s Retirement Plan - The City of Noble participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Police Pension and Retirement System (OPPRS) on

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

behalf of paid officers. The City has no responsibility or authority for the operation and administration of the pension program nor has it any related liability, except for the current contribution requirements.

The contribution rates for the City and its employees are established by Statute. The City is required to contribute 13% for the year ended June 30, 2014. Participating members are required to contribute 8%. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OPPRS issues a publicly available financial report that includes financial statements. That report may be obtained by writing to OPPRS, 1001 NW 63rd Street, Suite 605, Oklahoma City, OK 73116-7335.

Schedule of Retirement Plan Contributions – OPPRS

Fiscal Year	Required Contribution	Amount Contributed
2008	\$ 27,229	\$ 27,229
2009	\$ 36,223	\$ 36,223
2010	\$ 39,146	\$ 39,146
2011	\$ 38,423	\$ 38,423
2012	\$ 41,833	\$ 41,833
2013	\$ 40,374	\$ 40,374
2014	\$ 43,500	\$ 43,500

Municipal Retirement Plan - The City of Noble and its employees participate in an agent multiple employer defined pension plan through the Oklahoma Municipal Retirement Fund (OMRF). All regular full time employees, except those covered under another retirement system, are eligible. Employees are vested at 5 years. The City's OMRF defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

The OMRF System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OMRF, P.O. Box 25848, Oklahoma City, OK 73125 or by calling 1-888-394-6673.

Funding Policy - The contribution requirements of City of Noble and employees are established and may be amended by the OMRF board. Employees are required to contribute 3.35% of their annual covered salary. City of Noble is required to contribute at an actuarially determined rate; the rate at June 30, 2014 is 12.19% of covered payroll.

Annual Pension Cost - For 2013-14, the City of Noble's annual pension cost of \$98,382 for the OMRF plan was equal to the required and actual contributions. The required contribution was determined as part of the March 2014 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return, and (b) projected salary increases due to age/seniority, compounded annually.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

Schedule of Retirement Plan Contributions – OMRF Defined Benefit Plan

Fiscal Year	Actuarial Required Contribution	Percentage Contributed	Pension Benefit Obligation
2008	\$ 47,316	100	\$ -
2009	\$ 54,358	100	\$ -
2010	\$ 65,676	100	\$ -
2011	\$ 69,180	100	\$ -
2012	\$ 69,882	100	\$ -
2013	\$ 65,677	100	\$ -
2014	\$ 69,017	100	\$ -

Funding Status and Funding Progress – As of January 1, 2014, the most recent actuarial valuation date, the plan was 84 percent funded. The actuarial accrued liability for benefits was \$1,543,178, and the actuarial value of assets was \$1,291,884 (83.7% funded), resulting in an unfunded actuarial accrued liability (UAAL) of \$251,295. The covered payroll (total annualized rate of pay as of the valuation date based on actual pay for the preceding year) was \$738,339, and the ratio of the UAAL to the covered payroll was 34 percent. The City’s unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

4.E. Prior Period Restatements

In the NUA and Business-Type Activities there were the following prior period adjustments:

	<u>NUA</u>	<u>Business-Type</u>
Prior Year Net Position	\$2,777,331	\$2,779,331
Reverse prior year encumbrances to convert to Modified Cash	<u>136,924</u>	<u>136,924</u>
Adjusted beginning Net Position	<u>\$2,914,255</u>	<u>\$2,916,255</u>

In the Government Activities government-wide statements the following prior period adjustments were made:

Prior Year Net Position	\$4,388,422
Reverse prior year encumbrances to convert to Modified Cash	<u>57,692</u>
Adjusted beginning Net Position	<u>\$4,446,114</u>

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2014

In the Governmental Fund the following prior period adjustments were made:

	<u>General Fund</u>	<u>Noble EMS Fund</u>
Prior Year Net Position	\$ 310,566	\$ 35,877
Reverse prior year encumbrances to convert to Modified Cash	<u>55,397</u>	<u>2,295</u>
Adjusted beginning Net Position	<u>\$ 365,963</u>	<u>\$ 38,172</u>

SUPPLEMENTARY INFORMATION

CITY OF NOBLE, OKLAHOMA
Combining Balance Sheet
Nonmajor Governmental Funds
6/30/2014

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	Noble EMS District	Noble Sinking Fund	
<u>Assets</u>			
Cash and Cash Equivalents	\$ 70,714	\$ 69,360	\$ 140,074
<i>Total Assets</i>	<u>70,714</u>	<u>69,360</u>	<u>140,074</u>
<u>Liabilities</u>			
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>			
Non Spendable		-	-
Restricted	70,714	69,360	140,074
Committed			-
Assigned			-
Unassigned			-
<i>Total Fund Balances</i>	<u>70,714</u>	<u>69,360</u>	<u>\$ 140,074</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 70,714</u>	<u>\$ 69,360</u>	<u>140,074</u>

CITY OF NOBLE, OKLAHOMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor</u>
	<u>Noble EMS District</u>	<u>Noble Sinking Fund</u>	<u>Governmental Funds</u>
Revenues			
Taxes	\$ 140,038	\$ 93,422	\$ 233,460
Investment Income	383	111	494
Miscellaneous	137		137
<i>Total Revenues</i>	<u>140,558</u>	<u>93,533</u>	<u>234,091</u>
Expenditures			
Current:			-
Capital Outlay			-
Debt Service	50,585	95,420	146,005
<i>Total Expenditures</i>	<u>50,585</u>	<u>95,420</u>	<u>146,005</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>89,973</u>	<u>(1,887)</u>	<u>88,086</u>
Other Financing Sources (Uses)			
Loan Proceeds			-
Transfers In			-
Transfers Out	(89,350)		(89,350)
<i>Total Other Financing Sources (Uses)</i>	<u>(89,350)</u>	<u>-</u>	<u>(89,350)</u>
<i>Net Change in Fund Balances</i>	623	(1,887)	(1,264)
<i>Fund Balances - Beginning</i>	<u>70,091</u>	<u>71,247</u>	<u>141,338</u>
<i>Fund Balances - Ending</i>	<u>70,714</u>	<u>69,360</u>	<u>\$ 140,074</u>

CITY OF NOBLE, OKLAHOMA
Budgetary Comparison Schedule
General Fund - Modified Cash Basis
For the Year Ending June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 627,772	\$ 627,772	\$ 830,935	\$ 203,163
Resources (Inflows):				
Taxes	1,888,584	1,888,584	1,934,132	45,548
Intergovernmental	76,500	76,500	113,129	36,629
Charges for Services	2,000	2,000		(2,000)
Fines and Forfeitures	152,000	152,000	152,656	656
Licenses and Permits	33,500	33,500	49,081	15,581
Investment Income	3,000	3,000	1,243	(1,757)
Grant Revenue	10,000	10,000	-	(10,000)
Street Lighting	38,700	38,700	37,554	(1,146)
Miscellaneous	71,966	123,336	69,816	(53,520)
Transfers In	1,525,584	1,525,584	1,596,605	71,021
Total Resources (Inflows)	<u>3,801,834</u>	<u>3,853,204</u>	<u>3,954,216</u>	<u>101,012</u>
Amounts available for appropriations	4,429,606	4,480,976	4,785,151	304,175
Charges to Appropriations (Outflows):				
City Manager	70,301	60,721	56,255	4,466
Office & Managerial	191,248	205,373	200,400	4,973
Court/Attorney	98,658	109,583	95,646	13,937
Police	795,303	757,707	732,862	24,845
Dispatch	134,048	149,988	146,662	3,326
Animal Control	60,738	60,738	56,787	3,951
Fire	351,642	342,242	305,884	36,358
General Government	127,950	153,135	144,022	9,113
Library	26,316	30,441	30,199	242
Parks	6,000	6,070	5,857	213
Streets	251,235	225,195	191,033	34,162
Capital Outlay	688,497	750,872	124,875	625,997
Debt Service	35,650	34,850	37,512	(2,662)
Transfers Out	1,592,020	1,594,061	1,594,061	-
Total Charges to Appropriations	<u>4,429,606</u>	<u>4,480,976</u>	<u>3,722,055</u>	<u>135,586</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>-</u>	<u>1,063,096</u>	<u>439,761</u>
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance:				
General Fund Fund Balance			\$ 601,999	
201 GO Bond Proceeds			461,097	
Total Funds Accounted in General Fund Operations			\$ 1,063,096.00	

See Disclaimer in Independent Auditor's Report.

CITY OF NOBLE, OKLAHOMA
Budgetary Comparison Schedule
Noble EMS Fund - Modified Cash Basis
For the Year Ending June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 38,172	\$ 38,172
Resources (Inflows):				
Taxes	82,000	82,000	-	(82,000)
Charges for Services	590,000	590,000	538,005	(51,995)
Investment Income	100	100	26	(74)
Miscellaneous Income	1,000	1,000	-	(1,000)
Transfers In	66,436	66,436	127,187	60,751
Total Resources (Inflows)	<u>739,536</u>	<u>739,536</u>	<u>665,218</u>	<u>(74,318)</u>
Amounts available for appropriations	739,536	739,536	703,390	(36,146)
Charges to Appropriations (Outflows):				
Administration	27,756	29,396	27,586	1,810
EMS	709,780	708,140	671,964	36,176
Debt Service	-	-	-	-
Capital Outlay	2,000	2,000	-	2,000
Transfer Out	-	-	-	-
Total Charges to Appropriations	<u>739,536</u>	<u>739,536</u>	<u>699,550</u>	<u>39,986</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,840</u>	<u>\$ 3,840</u>

See Disclaimer in Independent Auditor's Report.

OTHER INFORMATION

CITY OF NOBLE, OKLAHOMA
Oklahoma Municipal Retirement Fund
Unaudited Schedule of Funding Progress
June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets <u>a</u>	Actuarial Accrued Liability(AAL) - Entry Age <u>b</u>	Unfunded AAL (UAAL) <u>b-a</u>	Funded Ratio <u>a/b</u>	Covered Payroll <u>c</u>	UAAL as a Percentage of Covered Payroll <u>(b-a)/c</u>
1/1/08	\$ 796,243	\$ 933,313	\$ 137,069	85.3%	\$ 604,099	22.7%
1/1/09	\$ 758,642	\$ 998,127	\$ 239,485	76.0%	\$ 660,183	36.3%
1/1/10	\$ 831,410	\$1,119,459	\$ 288,050	74.3%	\$ 671,733	42.9%
1/1/11	\$ 922,273	\$1,229,421	\$ 307,149	75.0%	\$ 706,190	43.5%
1/1/12	\$1,020,839	\$1,346,351	\$ 325,512	76.0%	\$ 667,450	48.8%
1/1/13	\$1,157,827	\$1,444,630	\$ 286,809	80.1%	\$ 685,418	41.8%
1/1/14	\$1,291,884	\$1,543,178	\$ 251,295	83.7%	\$ 738,339	3400.0%

The schedule of funding progress presented above presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

INTERNAL CONTROL AND COMPLIANCE INFORMATION

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

Members of the City Council
City of Noble, Oklahoma

We have audited audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Noble, Oklahoma, as of and for the year ended June 30, 2014, 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 16, 2014. The report was a special report on the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedure 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 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 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.

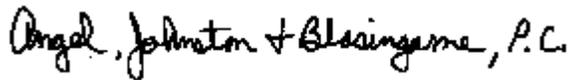
Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, we did not identify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

Compliance and Other Matters

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

Purpose of This Report

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



Chickasha, Oklahoma
December 16, 2014

**CITY OF NOBLE, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

There were no reportable audit findings or questioned costs noted in the 2013-14.

**CITY OF NOBLE, OKLAHOMA
DISPOSITION OF THE PRIOR YEAR
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

There were no reportable findings or questioned costs noted in the 2012-13 audit.