

CITY OF NOBLE, OKLAHOMA

June 30, 2015

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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, 2015, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2015, 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

Other 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 Other Information as listed in the table of contents, are presented for additional analysis and are not a required part of the basic financial statements.

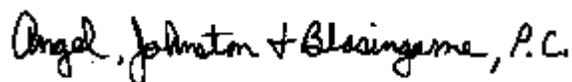
The combining statements of the general fund and the non-major fund financial statements, and the federal and state awards information are the responsibility of management, derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. 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 of the general fund and the non-major fund financial statements, 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Noble's basic financial statements. The Management's Discussion and Analysis starting on page A-3 and the budgetary comparison information on pages C-1, C-2 and C-3 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 17, 2015, 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 17, 2015

CITY OF NOBLE
Rose Rock Capital of the World
Management Discussion and Analysis of the Annual Financial Report
As of and for the Year ended June 30, 2015

The management of the City of Noble is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the year ended June 30, 2015. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations and provisions on grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City's total net position increased by \$478,366 and the assets of the City exceed its liabilities at June 30, 2015, by \$8,192,253 (net position). Of this amount, \$1,171,413 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2015 the City's governmental funds reported combined ending fund balances on a modified cash basis of \$863,992.
- At the end of fiscal year 2015, unassigned fund balance on a modified cash basis for the General Fund was \$697,686 or 3% of General Fund revenues.

ABOUT THE CITY

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

The City provides typical municipal services such as public safety, health and welfare, streets and highways, parks and recreation, through its Utility Authority certain utility services including water, wastewater and sanitation and through the EMS District provides ambulance services.

The City's Financial Reporting Entity

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

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

- **The City of Noble** - an incorporated City that operates the public safety, streets, health and welfare, culture and recreation, and administrative activities of the City.
- **Noble Utilities Authority** - A public trust created pursuant to 60 O.S. § 176 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.
- **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.

In addition, as required by state law, all debt obligations incurred by the trusts 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.

Basis of Accounting and Presentation

The statement of net position and activities are reported on a modified cash basis of account. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles. These modifications include adjustments for the following balances arising from cash transactions:

- 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

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue 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.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all the activities of the City of Noble (the “City”) and the Noble Utilities Authority (the “NUA”) and the EMS District. Included in this report are government-wide statements for each of the two categories of activities – government and business type.

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

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

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

In the Statement of Net Position and Statement of Activities, we divide the City into two kinds of activities *Governmental activities* – Most of the City’s basic services are reported here, including the police, fire, administration, streets and ambulance services. Sales taxes, franchise fees, fines, ambulance fees and state and federal grants finance most of these activities; and *Business-type activities* – Activities where the City typically charges a fee to customers to help cover all or most of the costs of certain services it provides are reported here. The City’s water, wastewater, and sanitation are reported as business activities.

Reporting the City’s Most Significant Funds – Fund Financial Statements

Fund Financial Statements

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

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

Proprietary funds – The City operates two proprietary funds, the Noble Utility Authority (major fund) and the related meter deposit fund (non-major fund). When the City, through the Utility Authority, charges customers for the services it provides, these services are generally reported in the proprietary funds. Proprietary funds are also reported on the modified cash basis of accounting. The City’s proprietary funds are the Noble Utility Authority that accounts for the operation of the water, wastewater and sanitation activities, and the related meter deposit fund accounts for customers’ utility deposits.

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages B-9 through B-28 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents a Budgetary Comparison Schedule for the General Fund and major governmental funds, combining and individual fund financial statements and schedules, a federal and state award schedule.

THE CITY AS A WHOLE

For the year ended June 30, 2015, net position on a modified cash basis for the governmental and business-type activities increased \$478,366.

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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 866,832	\$ 1,205,903	\$ 1,005,749	\$ 980,620	\$ 1,872,581	\$ 2,186,523
Capital assets	4,801,421	4,449,530	4,846,312	4,912,860	9,647,733	9,362,390
Total Assets	<u>5,668,253</u>	<u>5,655,433</u>	<u>5,852,061</u>	<u>5,893,480</u>	<u>11,520,314</u>	<u>11,548,913</u>
Long-term debt	837,836	954,413	2,160,268	2,637,087	2,998,104	3,591,500
Other liabilities	174,525	147,539	155,432	102,533	329,957	250,072
Total Liabilities	<u>1,012,361</u>	<u>1,101,952</u>	<u>2,315,700</u>	<u>2,739,620</u>	<u>3,328,061</u>	<u>3,841,572</u>
Net position:						
Invested in capital assets						
net of debt	3,791,900	3,346,471	2,686,056	2,322,098	6,477,956	5,668,569
Restricted	138,459	626,172	404,425	460,960	542,884	1,087,132
Unrestricted	725,533	580,838	445,880	370,802	1,171,413	951,640
Total Net Position	<u>\$ 4,655,892</u>	<u>\$ 4,553,481</u>	<u>\$ 3,536,361</u>	<u>\$ 3,153,860</u>	<u>\$ 8,192,253</u>	<u>\$ 7,707,341</u>

	Change in Net Position					
	Governmental		Business-type		Total	
	Activities		Activities		Government	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues:						
Charges for services	\$ 833,942	\$ 780,066	\$ 1,960,904	\$ 1,907,222	\$ 2,794,846	\$ 2,687,288
Federal grants	12,858	358	-	67,500	12,858	67,858
State grants/entitle	4,484	13,613	-	-	4,484	13,613
Donations	13,669	1,000	-	-	13,669	1,000
General revenues:						
Property taxes	230,493	233,460	-	-	230,493	233,460
Other taxes	1,964,769	2,033,291	-	-	1,964,769	2,033,291
Other general rev.	20,286	60,670	5,587	15,099	25,873	75,769
Total revenues	<u>3,080,501</u>	<u>3,122,458</u>	<u>1,966,491</u>	<u>1,989,821</u>	<u>5,046,992</u>	<u>5,112,279</u>
Program expenses:						
Administration	267,167	286,741	131,329	116,869	398,496	403,610
Public Safety	2,226,978	2,159,427	-	-	2,226,978	2,159,427
General government	150,957	159,686	231,639	237,674	382,596	397,360
Library	70,573	73,282	-	-	70,573	73,282
Parks	28,092	17,291	-	-	28,092	17,291
Streets	279,000	325,607	-	-	279,000	325,607
Water	-	-	479,401	486,044	479,401	486,044
Sewer	-	-	342,233	578,082	342,233	578,082
Sanitation	-	-	332,016	293,166	332,016	293,166
Interest L-T debt	29,241	33,438	-	-	29,241	33,438
Total expenses	<u>3,052,008</u>	<u>3,055,472</u>	<u>1,516,618</u>	<u>1,711,835</u>	<u>4,568,626</u>	<u>4,767,307</u>
Excess (deficiency)						
before transfers	28,493	66,986	449,873	277,986	478,366	344,972
Transfers	<u>73,919</u>	<u>40,381</u>	<u>(73,919)</u>	<u>(40,381)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u><u>102,412</u></u>	<u><u>107,367</u></u>	<u><u>375,954</u></u>	<u><u>237,605</u></u>	<u><u>478,366</u></u>	<u><u>344,972</u></u>

Governmental Activities

Total Governmental Activity Revenues for 2015 showed a \$41,957 decrease from 2014. This was mainly due to a decrease in taxes and insurance proceeds. Grants were relatively unchanged, but there was an increase in donations of \$12,669.

Business-Type Activities

The decrease in business-type grants, loans and contributions is due to the City receiving less \$67,500 in federal grants in the current year. The decrease in sewer expenses was primarily due to a decrease in repair costs for the current year.

Net Revenue (Expense) of Governmental Activities

	Total Expense of Services		Net Revenue (Expense) of Services	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Administration	\$ 267,167	\$ 286,741	\$ (267,167)	\$ (286,741)
Public Safety	2,226,978	2,159,427	(1,451,922)	(1,456,295)
Streets	279,000	325,607	(240,465)	(288,053)
General Government	150,957	159,686	(102,020)	(110,605)
Library	70,573	73,282	(70,573)	(73,282)
Parks	28,092	17,291	(25,667)	(12,021)
Interest on Long-Term Debt	29,241	33,438	(29,241)	(33,438)
Total Net Position	<u>\$ 3,052,008</u>	<u>\$ 3,055,472</u>	<u>\$ (2,187,055)</u>	<u>\$ (2,260,435)</u>

Net Revenue (Expense) of Business-Type Activities

	Total Expense of Services		Net Revenue (Expense) of Services	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Administration	\$ 131,329	\$ 116,869	\$ (131,329)	\$ (116,869)
General Government	231,639	237,674	(231,639)	(237,674)
Water	479,401	486,044	368,802	420,302
Sewer	342,233	578,082	169,925	(65,255)
Sanitation	332,016	293,166	268,527	262,383
Total Net Position	<u>\$ 1,516,618</u>	<u>\$ 1,711,835</u>	<u>\$ 444,286</u>	<u>\$ 262,887</u>

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2015 fiscal year, the governmental funds reported a combined fund balance of \$871,449. For the year ended June 30, 2015, the General Fund's total fund balance increased by \$103,519. The proprietary funds reported a combined net position balance of \$3,536,361. The net position, of the Noble Utility Authority, increased by 375,954.

Budgetary Highlights

For the year ended June 30, 2015 the General Fund reported actual budgetary basis revenues under final estimates by \$269,270 or a 6.7% negative variance. General Fund actual expenditures were under final appropriations by \$426,776 or a 9.47% positive variance. Noble EMS Fund (major governmental fund) reported actual budgetary basis revenues under final estimates by \$15,603 or a 2% negative variance and actual expenditures were under final appropriations by \$31,129 or a 4.0% positive variance.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATE

The following information outlines significant known factors that will affect subsequent year finances:

- The City received formal notice of a Fire disaster Relief Grant for \$596,000 for fire equipment.
- The City approved a rate increase for water, wastewater and sanitation of 3% for residential customers and 4% for commercial customers.

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.

CITY OF NOBLE, OKLAHOMA
Statement of Net Position - Modified Cash Basis
June 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 862,664	\$ 870,149	\$ 1,732,813
Investments		92,000	92,000
Due from Other Funds	4,168		4,168
Capitalized Interest		43,600	43,600
Capital Assets:			
Land and Other Non-depreciable Assets	368,578	73,500	442,078
Construction in Progress		-	-
Other capital assets, net	4,432,843	4,772,812	9,205,655
	<u>5,668,253</u>	<u>5,852,061</u>	<u>11,520,314</u>
<i>Total Assets</i>			
<u>Liabilities</u>			
Other Liabilities	2,840	100	2,940
Due to Other Funds		4,168	4,168
Due to Depositors		107,576	107,576
Long-Term Liabilities:			
Due within one year	171,685	450,303	621,988
Due in more than one year	837,836	1,753,553	2,591,389
	<u>1,012,361</u>	<u>2,315,700</u>	<u>3,328,061</u>
<i>Total Liabilities</i>			
<u>Net Position</u>			
Invested in Capital Assets, net of related debt	3,791,900	2,686,056	6,477,956
Restricted for:			
EMS	19,820		19,820
Capital Improvement		13,162	13,162
Debt Service	118,639	391,263	509,902
Unrestricted	725,533	445,880	1,171,413
	<u>4,655,892</u>	<u>3,536,361</u>	<u>8,192,253</u>
<i>Total Net Position</i>	\$ <u>4,655,892</u>	\$ <u>3,536,361</u>	\$ <u>8,192,253</u>

See accompanying notes to basic financial statements

CITY OF NOBLE, OKLAHOMA
Statement of Activities - Modified Cash Basis
For the Year Ending June 30, 2015

<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	\$ 267,167	\$ -	\$ -	\$ -	\$ (267,167)	\$ -	\$ (267,167)
Public Safety	2,226,978	756,545	18,511	-	(1,451,922)	-	(1,451,922)
Streets	279,000	38,535	-	-	(240,465)	-	(240,465)
General Government	150,957	36,437	12,500	-	(102,020)	-	(102,020)
Library	70,573	-	-	-	(70,573)	-	(70,573)
Parks	28,092	2,425	-	-	(25,667)	-	(25,667)
Interest Expense	29,241	-	-	-	(29,241)	-	(29,241)
<i>Total Governmental Activities</i>	<u>3,052,008</u>	<u>833,942</u>	<u>31,011</u>	<u>-</u>	<u>(2,187,055)</u>	<u>-</u>	<u>(2,187,055)</u>
Business-Type Activities:							
Administration	131,329	-	-	-	-	(131,329)	(131,329)
General Government	231,639	-	-	-	-	(231,639)	(231,639)
Water	479,401	848,203	-	-	-	368,802	368,802
Sewer	342,233	512,158	-	-	-	169,925	169,925
Sanitation	332,016	600,543	-	-	-	268,527	268,527
<i>Total Business-Type Activities</i>	<u>1,516,618</u>	<u>1,960,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>444,286</u>	<u>444,286</u>
<i>Total Primary Government</i>	<u>4,568,626</u>	<u>2,794,846</u>	<u>31,011</u>	<u>-</u>	<u>(2,187,055)</u>	<u>444,286</u>	<u>(1,742,769)</u>
General Revenues:							
Taxes:							
Sales Tax					1,520,374		1,520,374
Use Tax					78,467		78,467
Property Tax					230,493		230,493
Franchise Tax					265,295		265,295
E-911 Tax					1,591		1,591
Intergovernmental Revenue					99,042		99,042
Investment Income					1,374	1,095	2,469
Miscellaneous					18,912	4,492	23,404
Transfers - Internal Activity					73,919	(73,919)	-
<i>Total General Revenues and Transfers</i>					<u>2,289,467</u>	<u>(68,332)</u>	<u>2,221,135</u>
<i>Change in Net Position</i>					102,412	375,954	478,366
<i>Net Position - Beginning, restated</i>					<u>4,553,480</u>	<u>3,160,407</u>	<u>7,713,887</u>
<i>Net Position - Ending</i>					<u>\$ 4,655,892</u>	<u>\$ 3,536,361</u>	<u>\$ 8,192,253</u>

See accompanying notes to basic financial statements

CITY OF NOBLE, OKLAHOMA
Balance Sheet
Governmental Funds - Modified Cash Basis
June 30, 2015

	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	\$ 685,135	\$ 24,640	\$ -	\$ 138,459	\$ 848,234
Deposits with Insurance Pool	14,430				14,430
Due from Other Funds	8,785				8,785
<i>Total Assets</i>	<u>708,350</u>	<u>24,640</u>	<u>-</u>	<u>138,459</u>	<u>871,449</u>
 <u>Liabilities</u>					
Encumbrances Payable					-
Court Bonds Payable	2,606				2,606
Payables	226		9		235
Due to Other Funds		4,616			4,616
<i>Total Liabilities</i>	<u>2,832</u>	<u>4,616</u>	<u>9</u>	<u>-</u>	<u>7,457</u>
 <u>Fund Balances</u>					
Non Spendable			-	-	-
Restricted				138,459	138,459
Committed					-
Assigned	7,832	20,024			27,856
Unassigned	697,686		(9)		697,677
<i>Total Fund Balances</i>	<u>705,518</u>	<u>20,024</u>	<u>(9)</u>	<u>138,459</u>	<u>863,992</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 708,350</u>	<u>\$ 24,640</u>	<u>\$ -</u>	<u>\$ 138,459</u>	<u>\$ 871,449</u>

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, 2015

	<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	\$ 1,865,727	\$	\$	\$ 230,493	\$ 2,096,220
Intergovernmental	116,383				116,383
Fines and Forfeitures	155,516				155,516
Licenses and Permits	36,437				36,437
Charges for Services	38,535	601,029			639,564
Investment Income	746	17	121	490	1,374
Miscellaneous	34,531	476			35,007
<i>Total Revenues</i>	<u>2,247,875</u>	<u>601,522</u>	<u>121</u>	<u>230,983</u>	<u>3,080,501</u>
Expenditures					
Current:					
Administration	266,112				266,112
Police	955,049				955,049
Animal Control	54,570				54,570
Fire/EMS	337,038	741,072			1,078,110
General Government	134,125				134,125
Library	27,237				27,237
Parks	11,582				11,582
Streets	179,572				179,572
Capital Outlay	201,434	5,642	461,227		668,303
Debt Service	54,717			142,598	197,315
<i>Total Expenditures</i>	<u>2,221,436</u>	<u>746,713</u>	<u>461,227</u>	<u>142,598</u>	<u>3,571,974</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>26,439</u>	<u>(145,191)</u>	<u>(461,106)</u>	<u>88,385</u>	<u>(491,473)</u>
Other Financing Sources (Uses)					
Loan Proceeds	74,536				74,536
Transfers In	1,522,918	161,375			1,684,293
Transfers Out	(1,520,374)			(90,000)	(1,610,374)
<i>Total Other Financing Sources (Uses)</i>	<u>77,080</u>	<u>161,375</u>	<u>-</u>	<u>(90,000)</u>	<u>148,455</u>
<i>Net Change in Fund Balances</i>	103,519	16,184	(461,106)	(1,615)	(343,018)
<i>Fund Balances - Beginning</i>	601,999	3,840	461,097	140,074	1,207,010
<i>Fund Balances - Ending</i>	<u>\$ 705,518</u>	<u>\$ 20,024</u>	<u>\$ (9)</u>	<u>\$ 138,459</u>	<u>\$ 863,992</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, 2015

Reconciliation to Statement of Net Assets:

Fund balances of governmental funds	\$	863,992
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		7,886,083
Accumulated depreciation		(3,084,662)
Some liabilities are not due and payable in the current period and, therefore are not reported in the funds:		
Capital lease obligation		(86,395)
State obligation payable		(13,126)
General obligation bonds payable		(910,000)
		(1,009,521)
Net assets of governmental activities	\$	4,655,892

Reconciliation to Statement of Activities:

Net change in fund balances of governmental funds	\$	(343,018)
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		647,929
Depreciation expense		(296,037)
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		-
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		(74,536)
Capital lease obligation payments		50,530
State obligation payable		2,544
General obligation bonds principal payments		115,000
		(11,462)
Change in net assets of governmental activities	\$	102,412

See accompanying notes to financial statements

CITY OF NOBLE, OKLAHOMA
Statement of Net Position
Proprietary Funds - Modified Cash Basis
June 30, 2015

	Enterprise Funds		Total Proprietary Funds
	Noble Utilities Authority	Non-Major Enterprise Fund	
<u>Assets</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 418,245	\$	\$ 418,245
Restricted Cash and Cash Equivalents	434,425	17,479	451,904
Due from Other Funds		97	97
<i>Total Current Assets</i>	<u>852,670</u>	<u>17,576</u>	<u>870,246</u>
Noncurrent Assets:			
Restricted Investments		92,000	92,000
Capitalized Interest	43,600		43,600
Land and Other Non-depreciable Assets	73,500		73,500
Other Capital Assets, net of depreciation	4,772,812		4,772,812
<i>Total Noncurrent Assets</i>	<u>4,889,912</u>	<u>92,000</u>	<u>4,981,912</u>
<i>Total Assets</i>	<u>5,742,582</u>	<u>109,576</u>	<u>5,852,158</u>
<u>Liabilities</u>			
Current Liabilities:			
Payroll Withholding Payable			-
Other Deposits	100		100
Due to Other Funds	4,265		4,265
Due to Depositors		107,576	107,576
Notes Payable	450,303		450,303
<i>Total Current Liabilities</i>	<u>454,668</u>	<u>107,576</u>	<u>562,244</u>
Noncurrent Liabilities:			
Notes Payable	1,753,553	-	1,753,553
<i>Total Noncurrent Liabilities</i>	<u>1,753,553</u>	<u>-</u>	<u>1,753,553</u>
<i>Total Liabilities</i>	<u>2,208,221</u>	<u>107,576</u>	<u>2,315,797</u>
<u>Net Position</u>			
Invested in Capital Assets, net of related debt	2,686,056	-	2,686,056
Restricted for Debt Service	391,263	-	391,263
Restricted for Capital Improvements	13,162	-	13,162
Unrestricted	443,880	2,000	445,880
<i>Total Net Position</i>	<u>\$ 3,534,361</u>	<u>\$ 2,000</u>	<u>\$ 3,536,361</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, 2015

	<u>Enterprise Funds</u>		<u>Total Proprietary Funds</u>
	<u>Noble Utilities Authority</u>	<u>Non-Major Enterprise Fund</u>	
Operating Revenues			
Charges for Services:			
Pledged:			
Water revenue	\$ 800,356	\$	\$ 800,356
Sewer revenue	483,336		483,336
Penalties	39,693		39,693
Miscellaneous fees	36,976		36,976
Unpledged:			
Sanitation revenue	600,543		600,543
<i>Total Operating Revenues</i>	<u>1,960,904</u>	<u>-</u>	<u>1,960,904</u>
Operating Expenses			
Administration	131,329		131,329
General Government	231,639		231,639
Water operations	295,432		295,432
Sewer operations	232,774		232,774
Sanitation operations	332,016		332,016
Depreciation expense	213,528		213,528
<i>Total Operating Expenses</i>	<u>1,436,718</u>	<u>-</u>	<u>1,436,718</u>
 <i>Operating Income (Loss)</i>	 <u>524,186</u>	 <u>-</u>	 <u>524,186</u>
Nonoperating Revenues (Expenses)			
Investment income	1,095		1,095
Interest expense	(79,900)		(79,900)
Grant revenue			-
Miscellaneous revenue	4,492		4,492
Trustee fees			-
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(74,313)</u>	<u>-</u>	<u>(74,313)</u>
Net Income (Loss) Before Contributions and Transfers	449,873	-	449,873
Contributed Capital			-
Contribution Expense			-
Pledged as security for revenue notes:			
Transfer In - Sales Tax	1,520,374		1,520,374
Transfers In			-
Transfers Out	(1,594,293)		(1,594,293)
<i>Change in Net Position</i>	<u>375,954</u>	<u>-</u>	<u>375,954</u>
<i>Net Position - Beginning</i>	3,151,860	2,000	3,153,860
<i>Prior Period Adjustment</i>	6,547		6,547
<i>Net Position - Beginning - Restated</i>	<u>3,158,407</u>	<u>2,000</u>	<u>3,160,407</u>
<i>Net Position - Ending</i>	<u>\$ 3,534,361</u>	<u>\$ 2,000</u>	<u>\$ 3,536,361</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, 2015

	Enterprise Funds		Total Proprietary Funds
	Noble Utilities Authority	Non-Major Enterprise Fund	
Cash Flows From Operating Activities			
Receipts from customers	\$ 1,960,904	\$	\$ 1,960,904
Employees Paid	(496,602)		(496,602)
Vendors and others paid	(728,171)		(728,171)
Customer meter deposits receipts/refunds		6,726	6,726
Other receipts (payments)			-
<i>Net Cash Provided by Operating Activities</i>	<u>736,131</u>	<u>6,726</u>	<u>742,857</u>
Cash Flows From Noncapital Financing Activities			
Miscellaneous revenues	4,492		4,492
Grants	-		-
Transfers from other funds	1,520,374		1,520,374
Transfers to other funds	(1,590,127)	3	(1,590,124)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>(65,261)</u>	<u>3</u>	<u>(65,258)</u>
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(140,434)		(140,434)
Loan Proceeds	-		-
Principal paid on debt	(433,231)		(433,231)
Fiscal charges paid on debt	-		-
Interest paid on debt	(77,175)		(77,175)
<i>Net Cash Provided by (used in) Capital and Related Financing Activities</i>	<u>(650,840)</u>	<u>-</u>	<u>(650,840)</u>
Cash Flows From Investing Activities			
Interest received	1,095		1,095
Increase in investments	-		-
<i>Net Cash Provided by Investing Activities</i>	<u>1,095</u>	<u>-</u>	<u>1,095</u>
<i>Net Increase in Cash and Cash Equivalents</i>	21,125	6,729	27,854
<i>Balance - Beginning of the Year</i>	<u>831,545</u>	<u>10,750</u>	<u>842,295</u>
<i>Balance - End of the Year</i>	<u><u>852,670</u></u>	<u><u>17,479</u></u>	<u><u>870,149</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	524,186	-	524,186
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	213,528		213,528
Changes in assets and liabilities:			
Encumbrances payable	(1,583)	6,726	5,143
Due to depositors			-
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 736,131</u>	<u>\$ 6,726</u>	<u>\$ 742,857</u>

See accompanying notes to basic financial statements

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

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.

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.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

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.

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.

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
- utility deposit liabilities

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

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.

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

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

- 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.

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.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

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

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.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

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 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.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

- 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, 2015, the City of Noble transferred sales tax of \$1,520,374 to NUA and NUA transferred \$1,520,374 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.

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.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

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.

Note 3 – Detailed Notes on all Funds

3.A. Deposits and Investments Risk

At June 30, 2015, the reporting entity had the following deposits and investments:

Types of Deposits and Investments	Carrying Value				
Deposits:					
Demand deposits	1,698,487				
OMAG Escrow	14,430				
Time Deposits	92,000				
Total Deposits	\$ 1,804,917				
Investments:					
Open End Mutual Fund - (American Performance U.S. Treasury)	<table style="display: inline-table; vertical-align: middle; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">Maturities</td> <td style="text-align: center; border-bottom: 1px solid black;">Credit Rating</td> </tr> <tr> <td style="text-align: center;">N/A</td> <td style="text-align: center;">AAA</td> </tr> </table>	Maturities	Credit Rating	N/A	AAA
Maturities	Credit Rating				
N/A	AAA				
	\$ 19,896				
Total Deposits and Investments	\$ 1,824,813				

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, 2015, 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, 2015.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

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 and 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, 2015 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 2015.

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

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, capital improvement funds and amounts due to depositors related to utility deposits. The restricted assets as of June 30, 2015 were as follows:

Type of Restricted Assets	Cash and Cash Equivalents	Investments
Water Project 2011	\$ 13,162	\$ -
Capital Improvement	30,000	
Customer Utility Deposits	17,479	92,000
Revenue Bonds Account	371,366	-
Trustee Accounts:		
Note-OWRB	19,612	-
Note Interest Fund	123	-
Note Principal Fund	162	-
Total Restricted Assets	\$ 451,904	\$ 92,000

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

3.C. Capital Assets

Capital asset activity resulting from modified cash basis transactions for the fiscal year ended June 30, 2015 was as follows:

	Balance 6/30/2014	Additions	Disposals	Balance 6/30/2015
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 368,578	\$ -	\$ -	\$ 368,578
Construction in progress	-	-	-	-
Total Capital Assets, not being depreciated	<u>368,578</u>	<u>-</u>	<u>-</u>	<u>368,578</u>
Capital assets, being depreciated:				
Buildings	2,308,328	-	-	2,308,328
Other Improvements	357,278	33,565	-	390,843
Vehicles and equipment	1,756,570	111,491	-	1,868,061
Surplus property	2,250	-	-	2,250
Infrastructure	2,445,150	502,873	-	2,948,023
Total Capital Assets, being depreciated	<u>6,869,576</u>	<u>647,929</u>	<u>-</u>	<u>7,517,505</u>
Less accumulated depreciation for:				
Buildings	898,874	56,766	-	955,640
Other Improvements	107,464	14,472	-	121,936
Vehicles and equipment	1,169,143	132,229	-	1,301,372
Surplus property	2,250	-	-	2,250
Infrastructure	610,894	92,570	-	703,464
Total accumulated depreciation	<u>2,788,625</u>	<u>296,037</u>	<u>-</u>	<u>3,084,662</u>
Total capital assets, being depreciated, net	<u>4,080,951</u>	<u>351,892</u>	<u>-</u>	<u>4,432,843</u>
Governmental activities capital assets, net	<u>\$ 4,449,529</u>	<u>\$ 351,892</u>	<u>\$ -</u>	<u>\$ 4,801,421</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	6,404,030	118,451	-	6,522,481
Vehicles and equipment	509,586	21,983	-	531,569
Surplus property	-	-	-	-
Total Capital Assets, being depreciated	<u>6,955,908</u>	<u>140,434</u>	<u>-</u>	<u>7,096,342</u>
Less accumulated depreciation for:				
Buildings	32,318	420	-	32,738
Utility property/Improvements	1,889,971	158,177	-	2,048,148
Vehicles and equipment	187,711	54,931	-	242,642
Surplus property	-	-	-	-
Total accumulated depreciation	<u>2,110,000</u>	<u>213,528</u>	<u>-</u>	<u>2,323,528</u>
Total capital assets, being depreciated, net	<u>4,845,908</u>	<u>(73,094)</u>	<u>-</u>	<u>4,772,814</u>
Business-type activities capital assets, net	<u>\$ 4,919,408</u>	<u>\$ (73,094)</u>	<u>\$ -</u>	<u>\$ 4,846,314</u>

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

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

Governmental Activities:

Police	\$	44,871
Fire/EMS		89,313
General Government		16,832
Library		40,367
Parks		12,285
Streets		92,369
		<u>92,369</u>

Total depreciation expense for governmental activities	\$	<u>296,037</u>
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Business-Type Activities:

Water	\$	104,069
Sewer		109,459
		<u>109,459</u>

Total depreciation expense for business-type activities	\$	<u>213,528</u>
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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, 2015, the long-term debt, arising from cash transactions, payable from governmental fund resources consisted of the following:

Capital Lease Obligations:

\$123,572 capital debt obligation with Oklahoma State Bank for police cars, payable in monthly installments of \$2,677 at 2.66%, final payment due November 2015.		<u>\$ 31,288</u>
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Current portion		31,288
Non-current portion		-0-
Total Capital Lease Obligations		<u>\$ 31,288</u>

\$74,536 capital debt obligation with Oklahoma State Bank for police cars, payable in annual installments of \$19,428, final payment due March 2018 at a rate of 2.85%.		<u>\$ 55,108</u>
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Current portion		17,853
Non-current portion		37,255
Total Capital Lease Obligations		<u>\$ 55,108</u>

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

State Obligation:

The City of Noble agreed on June 1, 1990 to repay at no interest with the Oklahoma Department of Transportation its 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>\$ 13,126</u>
Current portion	2,544
Non-current portion	<u>10,582</u>
Total State Obligation	<u>\$ 13,126</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>\$ 860,000</u>
Current portion	70,000
Non-current portion	<u>790,000</u>
Total Street GO Bonds	<u>\$ 860,000</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>\$ 50,000</u>
Current portion	50,000
Non-current portion	<u>-0-</u>
Total EMS General Obligation Bonds	<u>\$ 50,000</u>

Business-Type Activities – As of June 30, 2015, 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 at 2.69%, final payment due December 16, 2016.	<u>\$ 43,588</u>
Current portion	28,916
Non-current portion	<u>14,672</u>
Total Capital Lease Obligations	<u>\$ 43,588</u>

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

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. 1,165,000

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. . 995,268

Total Revenue Notes Payable \$ 2,160,268

Current portion 421,387

Non-current portion 1,738,881

Total Revenue Notes Payable \$ 2,160,268

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 \$2,513,631. Principal and interest paid for the current year and total customer net revenues were \$480,165 and \$1,990,656 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 \$2,513,631 payable through 2031. For the current year, principal and interest paid and total sales tax revenues were \$480,165 and \$1,520,374 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 \$1,074,513 payable through June, 2027. For the current year, principal and interest and total property tax revenues were \$142,598 and \$230,493 respectively.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Balance 6/30/14	Additions	Reductions	Balance 6/30/15	Amount Due Within One Year
Governmental Activities:					
Capital Lease Obligation	\$ 625	\$ -	\$ (625)	\$ -	\$ -
Capital Lease Obligation	\$ 61,765		\$ (30,477)	31,288	\$ 31,288
Capital Lease Obligation		74,536	(19,428)	55,108	17,853
State Obligation	15,670	-	(2,544)	13,126	2,544
Series 2012 GO Bond	930,000	-	(70,000)	860,000	70,000
Series 2006 GO Bonds	95,000	-	(45,000)	50,000	50,000
Total Governmental Activities	\$ 1,103,060	\$ 74,536	\$ (168,074)	\$ 1,009,522	\$ 171,685
Business-Type Activities:					
Capital Lease Obligations	71,818.00	-	(28,229)	43,589	28,916
Revenue Notes Payable	2,565,269	-	(405,002)	2,160,267	421,387
Total Business-Type Activities	\$ 2,637,087	\$ -	\$ (433,231)	\$ 2,203,856	\$ 450,303

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>	
	Principal	Interest	Principal	Interest	Principal	Interest
Year Ending June 30						
2016	49,141	2,407	2,544	-	120,000	23,253
2017	18,366	1,062	2,544	-	70,000	20,720
2018	18,889	538	2,544	-	70,000	19,320
2019	-	-	2,544	-	70,000	17,920
2020	-	-	2,950	-	70,000	16,520
2021-2025	-	-	-	-	350,000	58,100
2026-2028	-	-	-	-	160,000	8,680
Total	<u>\$86,396</u>	<u>\$4,007</u>	<u>\$ 13,126</u>	<u>\$ -</u>	<u>\$ 910,000</u>	<u>\$ 164,513</u>

Business-Type Activities:	<u>Capital Lease Obligations</u>		<u>Revenue Notes Payable</u>	
	Principal	Interest	Principal	Interest
Year Ending June 30				
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	-	-	52,787	25,609
2021-2025	-	-	291,305	100,673
2026-2030	-	-	342,187	49,791
2031-2035	-	-	113,869	3,725
Total	<u>\$43,670</u>	<u>\$ 942</u>	<u>\$2,160,267</u>	<u>\$ 353,363</u>

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

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

Governmental Activities:	
Police	\$ 1,643
Fire/EMS	3,578
Streets	24,020
Total	\$ 29,241
 Business-Type Activities:	
Water	\$ 79,900

The capital assets acquired through capital leases are as follows:

Date	Capital Asset	Amount	Accumulated Depreciation
Vehicles:			
1/22/2013	Four Police Cars-Charges	123,572	29,863
12/20/2013	2013 F-150 Pickup	28,208	8,462
12/20/2013	2014 F-250 Pickup	32,439	9,732
12/20/2013	2013 F-150 Pickup	24,966	7,490
4/06/2015	2015 Ford Explorer	35,239	881
4/06/2015	2015 Ford Explorer	39,297	982
		\$ 283,721	\$ 57,410

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	1,960,904
Less: Sanitation revenues	(600,543)
Investment income	1,095
Sales tax transfer	1,520,374
Total Gross Revenues Available	2,881,830
Operating expenses	1,436,718
Less: Sanitation expenses	(332,016)
Less: Depreciation and Amortization	(213,528)
Total Operating Expenses	891,174
Net Revenues Available for Debt Service	\$ 1,990,656
 Debt Service Requirement:	
Maximum annual debt service	\$ 486,918
Coverage	409%
Coverage Requirement	125%

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

3.E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015 was as follows:

Interfund Transfers:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
General Fund	NUA	\$ 1,520,374	To transfer sales tax for debt purposes
NUA	Noble EMS Fund	71,375	Operating subsidy
NUA	General Fund	2,544	Debt service
EMS District	Noble EMS Fund	90,000	To transfer property tax
NUA	General Fund	1,520,374	Return of unused sales tax
		<u>\$ 3,204,667</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 1,684,293	\$ (1,610,374)	\$ 73,919
Enterprise Funds	1,520,374	(1,594,293)	(73,919)
Total	<u>\$ 3,204,667</u>	<u>\$ (3,204,667)</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					53,341	53,341
EMS Operations					19,819	19,819
G.O. Sinking		65,299				65,299
Street Bond A/C						-
Sub-total Restricted	-	65,299	-	-	73,160	138,459
Assigned to:						
EMS Income				20,024		20,024
Juvenile Court	2,680					2,680
Parks	5,152					5,152
	<u>7,832</u>	-	-	20,024	-	27,856
Unassigned	697,686		(9)			697,677
Total Fund Balance	705,518	65,299	(9)	20,024	73,160	863,992

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

Proprietary Funds Restricted:	
Water Project Funds	13,162
Debt Service	<u>391,263</u>
Total Proprietary Fund	<u><u>404,425</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.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

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 \$428,171 while the General Fund unassigned fund balance is \$697,903 at June 30, 2015. Proprietary funds obligation for accrued compensated absences is \$31,369, while the NUA unreserved fund balance is \$413,879 at June 30, 2015.

4.D. Employee Pension Plans

The City of Noble participates in four 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) – a cost sharing multiple-employer defined benefit plan
4. Nationwide Retirement – IRC 457(b) Plan – an employee contributions only deferred compensation 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. The City is required to contribute 14% for year ended June 30, 2015. Participating members are required to contribute 9%. 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 on the website at www.ok.gov/fprs or 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
2015	\$	78,346	\$	78,346

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 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.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

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, 2015. 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

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
2015	\$ 45,618	\$ 45,618

Defined Benefit Plan – Oklahoma Municipal Retirement Fund

The City 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 on the website at www.okmrf.org/reports or 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 is 13% of covered payroll as of 7/1/15 and 12.15% of covered payroll as of 7/1/14. 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 inflation of 3% compounded annually (higher for younger employees), and projected salary increases due to age/seniority, compounded annually. Funding requirements may increase in the future as benefits accrue.

Annual Pension Cost – The City of Noble’s annual pension cost for 2015, 2014 and 2013 were \$105,069, \$98,382 and \$93,282 respectively.

Governmental Deferred Compensation 457 Plan – The City of Noble has an IRS Code Section 457 deferred compensation plan through Nationwide Retirement Solutions. The plan is an employee contribution only and the City does not make contributions on behalf of the employees.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

4.E. Prior Period Restatements

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

	<u>NUA</u>	Government-Wide <u>Business-Type</u>
Prior Year Net Position	\$3,151,860	\$3,151,860
Prior year capital asset donated, net of depreciation	<u>6,547</u>	<u>6,547</u>
Beginning Net Position, restated	<u>\$3,158,407</u>	<u>\$3,158,407</u>

CITY OF NOBLE, OKLAHOMA
Budgetary Comparison Schedule
General Fund - Modified Cash Basis
For the Year Ending June 30, 2015

	<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	\$ 515,068	\$ 515,068	\$ 1,019,828	\$ 504,760
Resources (Inflows):				
Taxes	2,012,819	2,012,819	1,865,727	(147,092)
Intergovernmental	79,500	79,500	116,383	36,883
Charges for Services	2,000	2,000	-	(2,000)
Fines and Forfeitures	154,000	154,000	155,516	1,516
Licenses and Permits	45,000	45,000	36,437	(8,563)
Investment Income	2,500	2,500	866	(1,634)
Grant Revenue	10,000	10,000	-	(10,000)
Street Lighting	39,000	39,000	38,535	(465)
Miscellaneous	59,000	59,000	34,530	(24,470)
Loan Proceeds	-	-	-	-
Transfers In	1,633,819	1,633,819	1,520,374	(113,445)
Total Resources (Inflows)	<u>4,037,638</u>	<u>4,037,638</u>	<u>3,768,368</u>	<u>(269,270)</u>
Amounts available for appropriations	4,552,706	4,552,706	4,788,196	235,490
Charges to Appropriations (Outflows):				
City Manager	78,834	81,009	62,246	18,763
Office & Managerial	218,587	216,412	204,110	12,302
Court/Attorney	104,519	104,519	82,934	21,585
Police	844,112	844,112	786,750	57,362
Dispatch	150,743	150,743	137,797	12,946
Animal Control	66,103	66,103	54,570	11,533
Fire	408,199	408,199	363,792	44,407
General Government	163,250	163,250	138,559	24,691
Library	35,961	35,961	30,206	5,755
Parks	70,000	74,600	74,548	52
Streets	747,179	742,579	670,044	72,535
Transfer Out	1,665,219	1,665,219	1,520,374	144,845
Total Charges to Appropriations	<u>4,552,706</u>	<u>4,552,706</u>	<u>4,125,930</u>	<u>426,776</u>
Ending Budgetary Fund Balance	\$ <u>-</u>	\$ <u>-</u>	<u>662,266</u>	<u>662,266</u>

Reconciliation to Statement of Revenues, Expenditures, and Changes in

Fund Balance:

General Fund Fund Balance	\$ 705,518
Encumbrances	(43,252)
Beginning GO Bond balance	(461,098)
GO bond expense	461,218
Bond interest earned	(120)
Capital Lease Proceeds	74,536
Police capital outlay	(74,536)

Ending Budgetary Fund Balance \$ 662,266

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, 2015

	<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	\$ -	\$ -	\$ 3,300	\$ 3,300
Resources (Inflows):				
Taxes	-	-	-	-
Charges for Services	563,000	563,000	601,029	38,029
Investment Income	100	100	17	(83)
Miscellaneous Income	-	-	476	476
Transfers In	215,400	215,400	161,375	(54,025)
Total Resources (Inflows)	<u>778,500</u>	<u>778,500</u>	<u>762,897</u>	<u>(15,603)</u>
Amounts available for appropriations	778,500	778,500	766,197	(12,303)
Charges to Appropriations (Outflows):				
Administration	30,035	30,145	27,185	2,960
EMS	748,464	748,354	720,185	28,169
Transfer Out	-	-	-	-
Total Charges to Appropriations	<u>778,499</u>	<u>778,499</u>	<u>747,370</u>	<u>31,129</u>
Ending Budgetary Fund Balance	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 18,827</u>	<u>\$ 18,826</u>

Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance:

General Fund Fund Balance	\$ 20,024
Encumbrances	<u>(1,197)</u>
Total Funds Accounted in EMS Fund Balance	<u>\$ 18,827</u>

See disclaimer in Independent Auditor's Report

CITY OF NOBLE, OKLAHOMA
Footnotes to Budgetary Comparison Schedules
For the Year Ended June 30, 2015

1. The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements. For budgetary comparison purposes, the City considers all encumbrances as expenditures at yearend. However, the City financial statements are reported on the modified cash basis and so expenditure are only recorded when they are paid.

2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require City Manager's approval, while supplemental appropriations require City County approval.

CITY OF NOBLE, OKLAHOMA
Combining Balance Sheet
General Fund Accounts - Modified Cash Basis
For the Year Ended June 30, 2015

	<u>General Fund Account</u>	<u>Court Fund Account</u>	<u>Total General Fund</u>
Assets			
Cash and cash equivalents	\$ 682,529	\$ 2,606	\$ 685,135
Deposits with Insurance Pool	14,430		14,430
Due from Other Funds	<u>8,785</u>		<u>8,785</u>
<i>Total Assets</i>	<u><u>705,744</u></u>	<u><u>2,606</u></u>	<u><u>708,350</u></u>
 Liabilities			
Payables	226		226
Court Bonds Payable		2,606	2,606
Due to other funds			<u>-</u>
<i>Total Liabilities</i>	<u><u>226</u></u>	<u><u>2,606</u></u>	<u><u>2,832</u></u>
 Fund Balances			
Nonspendable			-
Restricted			-
Committed			-
Assigned	7,832		7,832
Unassigned	<u>697,686</u>		<u>697,686</u>
<i>Total Fund Balances</i>	<u><u>705,518</u></u>	<u><u>-</u></u>	<u><u>705,518</u></u>
 <i>Total Liabilities and Fund Balances</i>	 <u><u>\$ 705,744</u></u>	 <u><u>\$ 2,606</u></u>	 <u><u>\$ 708,350</u></u>

CITY OF NOBLE, OKLAHOMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund Accounts - Modified Cash Basis
For the Year Ended June 30, 2015

	<u>General Fund Account</u>	<u>Court Fund Account</u>	<u>Total General Fund</u>
Revenues			
Taxes	\$ 1,865,727	\$ -	\$ 1,865,727
Intergovernmental	116,383	-	116,383
Charges for services	38,535	-	38,535
Fines and forfeitures	155,516	-	155,516
Licenses and permits	36,437	-	36,437
Investment income	746	-	746
Miscellaneous	34,531	-	34,531
<i>Total Revenues</i>	<u>2,247,875</u>	<u>-</u>	<u>2,247,875</u>
Expenditures			
Current:			
Administration	266,112	-	266,112
Police	955,049	-	955,049
Animal control	54,570	-	54,570
Fire/EMS	337,038	-	337,038
General Government	134,125	-	134,125
Library	27,237	-	27,237
Parks	11,582	-	11,582
Streets	179,572	-	179,572
Capital outlay	201,434	-	201,434
Debt service	54,717	-	54,717
<i>Total Expenditures</i>	<u>2,221,436</u>	<u>-</u>	<u>2,221,435</u>
<i>Excess (Deficiency) of Revenues over Expenditures</i>	<u>26,439</u>	<u>-</u>	<u>26,440</u>
Other Financing Sources (Uses)			
Loan Proceeds	74,536		74,536
Transfers in	1,522,918	-	1,522,918
Transfers out	(1,520,374)	-	(1,520,374)
<i>Total Other Financing Sources (Uses)</i>	<u>77,080</u>	<u>-</u>	<u>77,080</u>
Net Change in Fund Balances	103,519	-	103,520
Fund Balances - beginning	<u>601,999</u>	<u>-</u>	<u>601,999</u>
Fund Balances - ending	<u>\$ 705,518</u>	<u>\$ -</u>	<u>\$ 705,518</u>

CITY OF NOBLE, OKLAHOMA
Combining Balance Sheet
Nonmajor Governmental Funds
6/30/2015

	<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	\$ 73,160	\$ 65,299	\$ 138,459
<i>Total Assets</i>	<u>73,160</u>	<u>65,299</u>	<u>138,459</u>
<u>Liabilities</u>			
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>			
Non Spendable		-	-
Restricted	73,160	65,299	138,459
Committed			-
Assigned			-
Unassigned			-
<i>Total Fund Balances</i>	<u>73,160</u>	<u>65,299</u>	<u>\$ 138,459</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 73,160</u>	<u>\$ 65,299</u>	<u>138,459</u>

CITY OF NOBLE, OKLAHOMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	<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	\$ 140,629	\$ 89,864	\$ 230,493
Investment Income	395	95	490
Miscellaneous	-	-	-
<i>Total Revenues</i>	<u>141,024</u>	<u>89,959</u>	<u>230,983</u>
Expenditures			
Current:	-	-	-
Capital Outlay	-	-	-
Debt Service	48,578	94,020	142,598
<i>Total Expenditures</i>	<u>48,578</u>	<u>94,020</u>	<u>142,598</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>92,446</u>	<u>(4,061)</u>	<u>88,385</u>
Other Financing Sources (Uses)			
Loan Proceeds			-
Transfers In			-
Transfers Out	(90,000)		(90,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(90,000)</u>	<u>-</u>	<u>(90,000)</u>
<i>Net Change in Fund Balances</i>	2,446	(4,061)	(1,615)
<i>Fund Balances - Beginning</i>	<u>70,714</u>	<u>69,360</u>	<u>140,074</u>
<i>Fund Balances - Ending</i>	<u>73,160</u>	<u>65,299</u>	<u>\$ 138,459</u>

CITY OF NOBLE, OKLAHOMA
Schedule of Federal and State Awards
Modified Cash Basis
For the Year Ending June 30, 2015

<u>Grantor/Program Title</u>	<u>Award Amount</u>	<u>Current Year Revenues</u>	<u>Current Year Expenditures</u>
Federal Awards:			
Department of Justice - Bulletproof Vest	\$ 358	358	358
FEMA-SLA	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>
Total Federal Awards	\$ <u><u>12,858</u></u>	\$ <u><u>12,858</u></u>	\$ <u><u>12,858</u></u>
State Awards:			
Oklahoma Tobacco Settlement	\$ 25,000	\$.	\$ 25,000
Department of Agriculture - Fire	4,484	4,484	4,484
State Arts Council	2,500	-	2,500
Total State Awards	\$ <u><u>31,984</u></u>	\$ <u><u>4,484</u></u>	\$ <u><u>31,984</u></u>

**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, 2015, 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 17, 2015. 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 of the financial statements, 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.

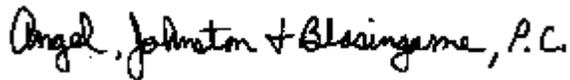
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, we did not identify any deficiencies 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 17, 2015

**CITY OF NOBLE, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

There were no reportable audit findings or questioned costs noted in the 2014-15.

**CITY OF NOBLE, OKLAHOMA
DISPOSITION OF THE PRIOR YEAR
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

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