

THE CITY OF NOBLE, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

CITY OF NOBLE, OKLAHOMA
June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Noble, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Noble, Oklahoma (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

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

Responsibilities of Management 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, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

HSPG & ASSOCIATES, PC

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Other Matters

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplemental combining schedules – modified cash basis, and federal awards information – modified cash basis, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules and federal awards information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's 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.

HSPG & Associates, P.C.

May 30, 2024

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, 2023

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, 2023. 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 \$1,981,184 and the assets of the City exceed its liabilities at June 30, 2023, by \$16,024,708 (net position). Of this amount, \$5,851,606 (unrestricted net position) is available to meet the government's ongoing needs.
- For the fiscal year ended June 30, 2023 the City's governmental funds reported combined ending fund balances on a modified cash basis of \$1,495,977 compared to \$3,051,476 in 2022 - a decrease of \$1,555,499, mainly due to debt proceeds spent in 2023 for public safety capital improvements.

ABOUT THE CITY

The City of Noble is an incorporated municipality, with a population of 6,985 based on the 2020 census, 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, the City provides 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 – *reported as the primary government.*
- **Noble Utilities Authority (NUA)** - A public trust created pursuant to 60 O.S. § 176 to finance, develop, and operate the utility services, water, wastewater and sanitation services of the City, with the City Council members serving as the trustees – *considered part of the primary government presentation for reporting purposes.*
- **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, with appointment of members by the City Council – *presented as a discretely-presented component unit.*

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.

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 three categories of activities – governmental, business type, and discretely-presented component unit.

The government-wide financial statements present the complete financial picture of the City using 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. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt), within the context of the modified cash basis of accounting.

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-type 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’s two kinds of funds – *governmental and proprietary* – use different accounting approaches.

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

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 reported on the modified cash basis of accounting and an economic resources measurement focus. For example, proprietary fund assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability. 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.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents supplemental combining schedules and a federal award schedule.

THE CITY AS A WHOLE

For the year ended June 30, 2023, net position on a modified cash basis for the governmental and business-type activities increased \$1,981,184.

Net Position (Modified Cash Basis) June 30, 2023

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

	Net Position					
	Governmental Activities		Business-type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 1,504,183	\$ 3,054,965	\$ 5,754,480	\$ 4,322,907	\$ 7,258,663	\$ 7,377,872
Capital assets	7,540,836	5,658,854	5,698,574	5,640,429	13,239,410	11,299,283
Total assets	9,045,019	8,713,819	11,453,054	9,963,336	20,498,073	18,677,155
Current liabilities	8,206	3,489	252,617	229,313	260,823	232,802
Long-term debt	3,160,643	3,199,859	1,051,899	1,200,970	4,212,542	4,400,829
Total liabilities	3,168,849	3,203,348	1,304,516	1,430,283	4,473,365	4,633,631
Net position						
Invested in capital assets net of related debt	4,380,193	2,458,995	4,646,675	4,439,459	9,026,868	6,898,454
Restricted	1,107,255	2,852,066	38,979	37,146	1,146,234	2,889,212
Unrestricted	388,722	199,410	5,462,884	4,056,448	5,851,606	4,255,858
Total net position	\$ 5,876,170	\$ 5,510,471	\$ 10,148,538	\$ 8,533,053	\$ 16,024,708	\$ 14,043,524

The largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Current assets of the governmental activities decreased approximately \$1.5 million due primarily to expending loan proceeds to construct capital assets, which experienced a similar overall increase.

Current assets of the business-type activities increased approximately \$1.4 million due primarily to general operations.

Changes in Net Position (Modified Cash Basis)
Year Ended June 30, 2023

	CHANGES IN NET POSITION					
	Governmental		Business-type		Total	
	Activities		Activities		Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,019,339	\$ 1,047,955	\$ 3,092,203	\$ 2,904,151	\$ 4,111,542	\$ 3,952,106
Operating grants & contributions	-	18,763	-	-	-	18,763
Capital grants & contributions	-	-	185,000	615,922	185,000	615,922
General revenues:						
Taxes	3,502,554	2,918,643	-	-	3,502,554	2,918,643
Intergovernmental	126,355	117,579	619,338	-	745,693	117,579
Other general rev.	422,460	260,891	88,714	44,757	511,174	305,648
Total revenues	<u>5,070,708</u>	<u>4,363,831</u>	<u>3,985,255</u>	<u>3,564,830</u>	<u>9,055,963</u>	<u>7,928,661</u>
Program expenses:						
Administration	519,557	425,365	-	-	519,557	425,365
Public Safety	3,453,691	3,290,483	-	-	3,453,691	3,290,483
General government	235,907	226,449	-	-	235,907	226,449
Library	95,370	90,612	-	-	95,370	90,612
Parks	42,172	39,603	-	-	42,172	39,603
Streets	353,400	902,134	-	-	353,400	902,134
Water	-	-	1,021,161	1,006,847	1,021,161	1,006,847
Sewer	-	-	705,609	680,684	705,609	680,684
Sanitation	-	-	633,315	392,962	633,315	392,962
Interest expense	14,597	17,137	-	-	14,597	17,137
Total expenses	<u>4,714,694</u>	<u>4,991,783</u>	<u>2,360,085</u>	<u>2,080,493</u>	<u>7,074,779</u>	<u>7,072,276</u>
Excess (deficiency)						
before transfers	356,014	(627,952)	1,625,170	1,484,337	1,981,184	856,385
Transfers	<u>9,685</u>	<u>276,790</u>	<u>(9,685)</u>	<u>(276,790)</u>	<u>-</u>	<u>-</u>
Increase (decrease)						
in net position	<u>\$ 365,699</u>	<u>\$ (351,162)</u>	<u>\$ 1,615,485</u>	<u>\$ 1,207,547</u>	<u>\$ 1,981,184</u>	<u>\$ 856,385</u>

Governmental Activities

Sales and use tax, the primary income stream of the City, increased over \$265,000 during the year due to generally improving economics and growth. Property taxes also increased over \$260,000 due to an increased tax rate to support the City's 2022 general obligation bond. Total expenses declined primarily as a result of reduced street repair costs in 2023 compared to 2022.

Business-Type Activities

Total Business-type Activity charges for services for 2023 showed an increase of \$188,000 over the prior year due primarily to a 5% rate increase in utility charges. Costs increased \$280,000 due to an general increase in operating costs.

Net Revenue (Expense) of Governmental Activities (Modified Cash Basis)

	Total Expense of Services		Net Revenue (Expense) of Services	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Administration	\$ 519,557	\$ 425,365	\$ (519,557)	\$ (425,365)
Public Safety	3,453,691	3,290,483	(2,595,282)	(2,370,315)
Streets	353,400	902,134	(305,715)	(856,155)
General Government	235,907	226,449	(122,662)	(148,419)
Library	95,370	90,612	(95,370)	(90,612)
Parks	42,172	39,603	(42,172)	(17,062)
Interest on Long-Term Debt	14,597	17,137	(14,597)	(17,137)
Total Net Position	<u>\$ 4,714,694</u>	<u>\$ 4,991,783</u>	<u>\$ (3,695,355)</u>	<u>\$ (3,925,065)</u>

Net Revenue (Expense) of Business-Type Activities (Modified Cash Basis)

	Total Expense of Services		Net Revenue (Expense) of Services	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Water	\$ 1,021,161	1,006,847	\$ 300,949	\$ 245,306
Sewer	705,609	680,684	308,925	732,561
Sanitation	633,315	392,962	307,244	461,713
Total Net Position	<u>\$ 2,360,085</u>	<u>\$ 2,080,493</u>	<u>\$ 917,118</u>	<u>\$ 1,439,580</u>

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2023 fiscal year, the governmental funds reported a combined fund balance of \$1,495,977. For the year ended June 30, 2023, the General Fund's total fund balance decreased by \$1,764,017. The proprietary funds reported a combined net position balance of \$10,148,538, an increase of \$1,615,485.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the City had approximately \$13.2 million in capital assets (net of accumulated depreciation), as reported on a modified cash basis, including land, buildings, machinery and equipment, and park facilities. Below are details regarding the City's capital assets as of June 30, 2023.

Capital Assets
(Net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 390,024	\$ 379,224	\$ 621,653	\$ 572,198	\$ 1,011,677	\$ 951,422
Construction in process	1,971,030	348,017	68,838	90,994	2,039,868	439,011
Buildings	1,357,872	1,059,148	238,074	245,925	1,595,946	1,305,073
Other improvements	408,186	437,895	-	-	408,186	437,895
Utility property	-	-	3,931,204	3,802,636	3,931,204	3,802,636
Vehicles and equipment	1,440,151	1,387,022	838,805	928,676	2,278,956	2,315,698
Infrastructure	1,973,573	2,047,548	-	-	1,973,573	2,047,548
	<u>\$ 7,540,836</u>	<u>\$ 5,658,854</u>	<u>\$ 5,698,574</u>	<u>\$ 5,640,429</u>	<u>\$ 13,239,410</u>	<u>\$ 11,299,283</u>

This year's more significant capital asset additions include the following:

- Fire station construction - \$1,966,000

Debt Administration

At June 30, 2023 the City had approximately \$4.2 in debt outstanding reported on a modified cash basis, or approximately a \$188,000 decrease from the prior year.

Long-Term Debt

	Governmental Activities		Business-type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Notes payable	\$ 135,643	\$ 104,859	\$ 1,051,899	\$ 1,200,970	\$ 1,187,542	\$ 1,305,829
Bonds payable	3,025,000	3,095,000	-	-	3,025,000	3,095,000
	<u>\$ 3,160,643</u>	<u>\$ 3,199,859</u>	<u>\$ 1,051,899</u>	<u>\$ 1,200,970</u>	<u>\$ 4,212,542</u>	<u>\$ 4,400,829</u>

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATE

The City's budget for fiscal 2024 is approximately \$16,900,000 compared to \$12,592,000 for fiscal 2023. This includes a projected 3% increase in sales tax over the budgeted 2023 figures. Further, the budget includes a 4% rate increase for water and wastewater services, and a 5% increase for sanitation to keep pace with inflation. Significant planned capital projects include the completion of the new fire station, a remodel of the police department, and a street improvement project in partnership with the City of Norman and Cleveland County. Additional appropriations have been made for water and sewer expansion and repairs totaling \$440,000 and the construction of a City park.

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.

CITY OF NOBLE, OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
June 30, 2023

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	EMS DISTRICT
Assets				
Current assets:				
Cash and cash equivalents	\$ 517,203	\$ 5,462,832	\$ 5,980,035	\$ 31,227
Restricted cash and cash equivalents	296,813	126,570	423,383	22,216
Restricted investments	-	165,078	165,078	-
Non-current assets:				
Restricted cash and cash equivalents	690,167	-	690,167	-
Capital assets:		-		
Land and other non-depreciable assets	2,361,054	690,491	3,051,545	-
Other capital assets, net	5,179,782	5,008,083	10,187,865	-
Total assets	9,045,019	11,453,054	20,498,073	53,443
Liabilities				
Other liabilities	8,206	100	8,306	-
Due to depositors	-	252,517	252,517	-
Long-term liabilities				
Due within one year	272,154	134,438	406,592	80,000
Due in more than one year	2,888,489	917,461	3,805,950	-
Total liabilities	3,168,849	1,304,516	4,473,365	80,000
Net position				
Invested in capital assets, net of related debt	4,380,193	4,646,675	9,026,868	-
Restricted for:				
Public safety	120,275	10,917	131,192	-
Debt service	296,813	28,062	324,875	-
Capital projects	690,167	-	690,167	-
Unrestricted	388,722	5,462,884	5,851,606	(26,557)
Total net position	\$ 5,876,170	\$ 10,148,538	\$ 16,024,708	\$ (26,557)

See accompanying notes to the financial statements.

CITY OF NOBLE, OKLAHOMA
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ending June 30, 2023

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	EMS District
Primary Government:								
Governmental Activities:								
Administration	\$ 519,557	\$ -	\$ -	\$ -	\$ (519,557)	\$ -	\$ (519,557)	
Public safety	3,453,691	858,409	-	-	(2,595,282)	-	(2,595,282)	
Streets	353,400	47,685	-	-	(305,715)	-	(305,715)	
General government	235,907	113,245	-	-	(122,662)	-	(122,662)	
Library	95,370	-	-	-	(95,370)	-	(95,370)	
Parks	42,172	-	-	-	(42,172)	-	(42,172)	
Interest expense	14,597	-	-	-	(14,597)	-	(14,597)	
Total governmental activities	<u>4,714,694</u>	<u>1,019,339</u>	<u>-</u>	<u>-</u>	<u>(3,695,355)</u>	<u>-</u>	<u>(3,695,355)</u>	
Business-Type Activities:								
Water	1,021,161	1,322,110	-	-	-	300,949	300,949	
Sewer	705,609	829,534	-	185,000	-	308,925	308,925	
Sanitation	633,315	940,558	-	-	-	307,244	307,244	
Total Business-Type Activities	<u>2,360,085</u>	<u>3,092,203</u>	<u>-</u>	<u>185,000</u>	<u>-</u>	<u>917,118</u>	<u>917,118</u>	
Total Primary Government	\$ <u>7,074,779</u>	\$ <u>4,111,542</u>	\$ <u>-</u>	\$ <u>185,000</u>	<u>(3,695,355)</u>	<u>917,118</u>	<u>(2,778,237)</u>	
Component unit:								
EMS District	\$ <u>3,363</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>				\$ <u>3,363</u>
General Revenues:								
Taxes:								
Sales tax					2,135,721	-	2,135,721	-
Use tax					643,093	-	643,093	-
Property tax					339,980	-	339,980	207,520
Franchise tax					366,267	-	366,267	-
E-911 tax					17,493	-	17,493	-
Intergovernmental revenue					126,355	619,338	745,693	-
Investment income					18,512	4,741	23,253	1,371
Miscellaneous					262,281	83,973	346,254	-
Payment from component unit					141,667	-	141,667	(141,667)
Loss on disposal of assets					-	-	-	-
Transfers					9,685	(9,685)	-	-
Total general revenues and transfers					<u>4,061,054</u>	<u>698,367</u>	<u>4,759,421</u>	<u>67,224</u>
Change in net position					365,699	1,615,485	1,981,184	63,861
					<u>5,510,471</u>	<u>8,533,053</u>	<u>14,043,524</u>	<u>(90,418)</u>
Net Position - ending					\$ <u>5,876,170</u>	\$ <u>10,148,538</u>	\$ <u>16,024,708</u>	\$ <u>(26,557)</u>

See accompanying notes to financial statements.

CITY OF NOBLE, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
June 30, 2023

	General Fund	Noble EMS Fund	Non Major Governmental Fund - Sinking Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,121,566	\$ 85,804	\$ 296,813	\$ 1,504,183
Total assets	<u>\$ 1,121,566</u>	<u>\$ 85,804</u>	<u>\$ 296,813</u>	<u>\$ 1,504,183</u>
Liabilities				
Court bonds and other payables	\$ 6,905	\$ 1,301	\$ -	\$ 8,206
Total liabilities	<u>6,905</u>	<u>1,301</u>	<u>-</u>	<u>8,206</u>
Fund balances				
Restricted	810,442	-	296,813	1,107,255
Committed	143,228	84,503	-	227,731
Unassigned	<u>160,991</u>	<u>-</u>	<u>-</u>	<u>160,991</u>
Total fund balances	<u>1,114,661</u>	<u>84,503</u>	<u>296,813</u>	<u>1,495,977</u>
Total liabilities and fund balances	<u>\$ 1,121,566</u>	<u>\$ 85,804</u>	<u>\$ 296,813</u>	<u>\$ 1,504,183</u>

See accompanying notes to the financial statements.

CITY OF NOBLE, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
For the Year Ending June 30, 2023

	General Fund	Noble EMS Fund	Non Major Governmental Fund - Sinking Fund	Total Governmental Funds
Revenues				
Taxes	\$ 3,162,574	\$ -	\$ 339,980	\$ 3,502,554
Intergovernmental	126,355	-	-	126,355
Charges for services	47,685	747,582	-	795,267
Fines and forfeitures	110,827	-	-	110,827
Licenses and permits	113,245	-	-	113,245
Investment income	18,269	156	87	18,512
Miscellaneous	251,870	10,411	-	262,281
Total revenues	<u>3,830,825</u>	<u>758,149</u>	<u>340,067</u>	<u>4,929,041</u>
Expenditures				
Current:				
Administration	509,162	-	-	509,162
Police	1,569,399	-	-	1,569,399
Animal control	135,991	-	-	135,991
Fire/EMS	587,590	957,788	-	1,545,378
General government	195,067	-	-	195,067
Library	50,991	-	-	50,991
Parks	12,497	-	-	12,497
Streets	233,615	-	-	233,615
Capital outlay	2,329,979	-	-	2,329,979
Debt service				
Principal	76,551	-	70,000	146,551
Interest	1,335	-	13,262	14,597
Total expenditures	<u>5,702,177</u>	<u>957,788</u>	<u>83,262</u>	<u>6,743,227</u>
Revenues over (under) expenditures	<u>(1,871,352)</u>	<u>(199,639)</u>	<u>256,805</u>	<u>(1,814,186)</u>
Other financing sources (uses)				
Debt proceeds	107,335	-	-	107,335
Payment from component unit	-	141,667	-	141,667
Transfers in	2,070,956	9,685	-	2,080,641
Transfers out	(2,070,956)	-	-	(2,070,956)
Total other financing sources (uses)	<u>107,335</u>	<u>151,352</u>	<u>-</u>	<u>258,687</u>
Net change in fund balances	(1,764,017)	(48,287)	256,805	(1,555,499)
Fund balances - beginning	<u>2,878,678</u>	<u>132,790</u>	<u>40,008</u>	<u>3,051,476</u>
Fund balances - ending	<u>\$ 1,114,661</u>	<u>\$ 84,503</u>	<u>\$ 296,813</u>	<u>\$ 1,495,977</u>

See accompanying notes to the financial statements.

CITY OF NOBLE, OKLAHOMA
RECONCILIATION OF GOVERNMENTAL FUND AND GOVERNMENT-WIDE FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
June 30, 2023

Reconciliation to Statement of Net Position:

Fund balances of governmental funds	\$ 1,495,977
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position	7,540,836
Notes payable are not due and payable from current financial resources and therefore they, are not reported in the funds:	(3,160,643)
Net Position of Governmental Activities in the Statement of Net Position	\$ <u>5,876,170</u>

Reconciliation to Statement of Activities:

Net change in fund balances of governmental funds	\$ (1,555,499)
Amounts reported for governmental activities on the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expenses. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	
	Capital asset purchases capitalized 2,319,584
	Depreciation expense (437,602)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	
	Notes payable proceeds (107,335)
	Notes payable principal payments <u>146,551</u>
Change in net position of governmental activities	\$ <u>365,699</u>

See accompanying notes to the financial statements.

CITY OF NOBLE, OKLAHOMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - MODIFIED CASH BASIS
June 30, 2023

	Enterprise Funds		
	Noble Utilities Authority	(Non-major) Meter Fund	Total Proprietary Funds
Assets			
Current assets:			
Cash and cash equivalents	\$ 5,462,832	\$ -	\$ 5,462,832
Restricted cash and cash equivalents	38,979	87,591	126,570
Total current assets	<u>5,501,811</u>	<u>87,591</u>	<u>5,589,402</u>
Noncurrent assets:			
Restricted investments	-	165,078	165,078
Land and other non-depreciable assets	690,491	-	690,491
Other capital assets, net of depreciation	5,008,083	-	5,008,083
Total noncurrent assets	<u>5,698,574</u>	<u>165,078</u>	<u>5,863,652</u>
Total assets	<u>11,200,385</u>	<u>252,669</u>	<u>11,453,054</u>
Liabilities			
Current liabilities:			
Other deposits	100	-	100
Due to depositors	1,814	250,703	252,517
Notes payable	134,438	-	134,438
Total current liabilities	<u>136,352</u>	<u>250,703</u>	<u>387,055</u>
Noncurrent liabilities:			
Notes payable	917,461	-	917,461
Total noncurrent liabilities	<u>917,461</u>	<u>-</u>	<u>917,461</u>
Total liabilities	<u>1,053,813</u>	<u>250,703</u>	<u>1,304,516</u>
Net position			
Invested in capital assets, net of related debt	4,646,675	-	4,646,675
Restricted for debt service	28,062	-	28,062
Restricted for capital improvements	10,917	-	10,917
Unrestricted	<u>5,460,918</u>	<u>1,966</u>	<u>5,462,884</u>
Total net position	\$ <u>10,146,572</u>	\$ <u>1,966</u>	\$ <u>10,148,538</u>

See accompanying notes to the 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, 2023

	Enterprise Funds		
	Noble Utilities Authority	(Non-major) Meter Fund	Total Proprietary Funds
Operating Revenues			
Charges for Services:			
Pledged:			
Water revenue	\$ 1,297,935	\$ -	\$ 1,297,935
Sewer revenue	814,366	-	814,366
Penalties	56,542	-	56,542
Miscellaneous fees	74,152	-	74,152
Sanitation revenue	923,360	-	923,360
Total operating revenues	<u>3,166,355</u>	<u>-</u>	<u>3,166,355</u>
Operating Expenses			
Administration	239,174	68	239,242
General government	360,255	-	360,255
Water operations	592,224	-	592,224
Sewer operations	409,544	-	409,544
Sanitation operations	450,965	-	450,965
Depreciation expense	272,257	-	272,257
Total operating expenses	<u>2,324,419</u>	<u>68</u>	<u>2,324,487</u>
Operating income (loss)	<u>841,936</u>	<u>(68)</u>	<u>841,868</u>
Nonoperating revenues (expenses)			
Investment income	4,741	-	4,741
Grants	804,338	-	804,338
Interest expense and fees	(35,598)	-	(35,598)
Miscellaneous revenue	9,821	-	9,821
Total nonoperating revenues (expenses)	<u>783,302</u>	<u>-</u>	<u>783,302</u>
Net income (loss) before transfers	1,625,238	(68)	1,625,170
Transfers			
Transfer In	2,070,956	-	2,070,956
Transfers Out	<u>(2,080,641)</u>	<u>-</u>	<u>(2,080,641)</u>
	1,615,553	(68)	1,615,485
Net Position - Beginning	<u>8,531,019</u>	<u>2,034</u>	<u>8,533,053</u>
Net Position - Ending	\$ <u><u>10,146,572</u></u>	\$ <u><u>1,966</u></u>	\$ <u><u>10,148,538</u></u>

See accompanying notes to the financial statements.

CITY OF NOBLE, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - MODIFIED CASH BASIS
For the Year Ending June 30, 2023

	Enterprise Funds		
	Noble Utilities Authority	(Non-major) Meter Fund	Total Proprietary Funds
Cash flows from operating activities			
Receipts from customers	\$ 3,166,355	\$ -	\$ 3,166,355
Employees paid	(763,200)	-	(763,200)
Vendors and others paid	(1,287,153)	(68)	(1,287,221)
Receipts of customer meter deposits	-	57,395	
Refunds of customer meter deposits	-	(35,900)	(35,900)
Net cash provided by operating activities	<u>1,116,002</u>	<u>21,427</u>	<u>1,080,034</u>
Cash flows from noncapital financing activities			
Grants, refunds and miscellaneous revenue	814,159	-	814,159
Interfund receipts/payments	-	-	-
Payments from deposits	-	-	-
Payment from other funds	2,070,956	-	2,070,956
Payment to other funds	(2,080,641)	-	(2,080,641)
Net cash provided (used) by noncapital financing activities	<u>804,474</u>	<u>-</u>	<u>804,474</u>
Cash flows from capital and related financing activities			
Purchases of capital assets	(330,402)	-	(330,402)
Principal paid on debt	(149,071)	-	(149,071)
Interest paid on debt	(35,598)	-	(35,598)
Net cash provided (used) by capital and related financing activities	<u>(515,071)</u>	<u>-</u>	<u>(515,071)</u>
Cash flows from investing activities			
Interest received	4,741	-	4,741
Decrease in investments	-	68	68
Net cash provided by investing activities	<u>4,741</u>	<u>68</u>	<u>4,809</u>
Net increase in cash and cash equivalents	1,410,146	21,495	1,431,641
Balance - beginning of the year	<u>4,091,665</u>	<u>66,096</u>	<u>4,157,761</u>
Balance - end of the year	<u>\$ 5,501,811</u>	<u>\$ 87,591</u>	<u>\$ 5,589,402</u>
Reconciliation to statement of net position			
Cash and cash equivalents	\$ 5,462,832	\$ -	\$ 5,462,832
Restricted cash and cash equivalents	38,979	87,591	126,570
Total cash and cash equivalents, end of year	<u>\$ 5,501,811</u>	<u>\$ 87,591</u>	<u>\$ 5,589,402</u>
Depreciation and amortization	272,257	-	272,257
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 841,936	\$ (68)	\$ 841,868
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Changes in assets and liabilities:			
Due to depositors	<u>1,809</u>	<u>21,495</u>	<u>23,304</u>
Net cash provided by operating activities	<u>\$ 843,745</u>	<u>\$ 21,427</u>	<u>\$ 865,172</u>

See accompanying notes to the financial statements.

CITY OF NOBLE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 1 - Summary of Significant Accounting Policies

1.A. Financial Reporting Entity

The financial reporting entity of the City of Noble, Oklahoma (the “City”) includes the primary government (City of Noble), and its component units. This report includes all activities for which the City Council is fiscally responsible. In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statements No. 14, 34, 39, and 61 and includes all component units for which the City is financially accountable.

The City’s financial reporting entity comprises the following:

Primary government – City of Noble

Blended component unit – Noble Utilities Authority

Discretely presented component unit – Noble EMS District

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

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units are then blended into the City’s funds to comprise part of the primary government presentation. The following component is blended into the City’s reporting entity as follows.

Noble Utilities Authority (NUA) – NUA finances, develops, and operates the utility services and physical facilities (NUA) for the City.

The component unit is a Public Trust established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. 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. 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 of the Authority to the Trustees on a long-term basis. The City, as beneficiary of the Public Trust, receives title to any residual assets when a Public Trust is dissolved.

The City Council serves as the trustees of NUA and the City is responsible for the daily operations of NUA. The City is able to impose its will on NUA because, by state law, all NUA issuance of debt requires a two-thirds approved by the City Council.

CITY OF NOBLE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Discretely Presented Component Units Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria but do not meet the criteria for blending. The City has one discretely presented component unit as follows.

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

The Noble EMS District and the City of Noble entered into an agreement on 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. The governing body is appointed by the City Council. All revenue from the district is given to the City's EMS Fund and the City bills and makes all decisions related to the ambulance operations.

Related Organization

Noble Economic Development Authority - The Noble Economic Development Authority (NEDA) is intended to stimulate economic growth and development within the City. The board of the NEDA consists of the members of the City Council. The entity has been dormant for several years.

1.B. Basis of Presentation and accounting

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

- capital assets and the depreciation of those assets, where applicable
- long-term debt and capitalized interest
- cash-based interfund receivables and payables if any
- court bonds and rent deposits
- investments and other deposits
- utility deposit liabilities

This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue

CITY OF NOBLE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Program revenues within the statement of activities are derived 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.

Non-Major Governmental Funds:

Debt Service Funds

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

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

Proprietary Funds

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 Utilities Authority enterprise fund and the related meter deposit fund.

CITY OF NOBLE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

These funds account for activities of the public trust in providing water, wastewater and sanitation services to the public.

Major Enterprise Funds:

- Noble Utilities Authority – operates the water, sewer, and sanitation services of the City (blended component unit).
- 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 position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances 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.C. 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.

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.

CITY OF NOBLE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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. 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. Infrastructure assets acquired since July 1, 2003 are recorded at cost.

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 20-40 years
- Improvements other than buildings 10-40 years
- Vehicles and equipment 5-20 years
- Utility property and improvements 10-50 years
- General Infrastructure 10-50 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.

Court 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 is reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as debt service expenditures.

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

CITY OF NOBLE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Equity Classifications – In the government-wide and the proprietary fund financial statements, equity is classified as net position and displayed in three components:

- a. *Invested in capital assets, net of related debt* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvements of those assets.
- b. *Restricted* – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted* – All other net positions 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 position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. 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 City’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance while the NUA’s highest level of decision-making authority is made by resolution.
- d. *Assigned* – includes amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by City council action or management decision when the City council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through 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.

CITY OF NOBLE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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.

1.D. Sales Tax Revenue

Sales Tax - The City levies a 4.125-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 restricted .125 cents of sales tax for public safety and pledged four-cent sales tax to secure debt service payments in the Noble Utilities Authority. The unrestricted 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, 2023, the City of Noble transferred sales tax of \$2,070,956 to NUA and NUA transferred \$2,070,956 back to the General Fund.

1.E. 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 or to pay judgments rendered against the City. EMS Districts are allowed a levy by state statute to provide for operating costs.

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.

For the year ended June 30, 2023, the net assessed valuation of taxable property for the City and the EMS District was \$48,410,000 and \$52,333,000, respectively. The taxes levied by the City and the EMS District per \$1,000 of net assessed valuation for the year ended June 30, 2023 was \$7.02 and \$3.97, respectively.

CITY OF NOBLE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS June 30, 2023

Note 2 – Detailed Notes on all Funds

2.A. Deposits and Investments Risk

At June 30, 2023, the reporting entity had the following deposits and investments:

Types of Deposits and Investments			Carrying Value
Deposits:			
Demand deposits and cash on hand			\$ 6,299,924
OMAG Escrow			75,432
Time Deposits			165,078
Total Deposits			6,540,434
Investments:			
	Maturities	Credit Rating	
Open End Mutual Fund - (American Performance U.S. Treasury)	N/A	AAA	28,062
Total Deposits and Investments			\$ 6,568,496
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 5,980,035
Restricted cash and cash equivalents			423,383
Restricted investments			165,078
			\$ 6,568,496
Component Units			
Cash and cash equivalents			\$ 31,227
Restricted cash and cash equivalents			22,216
			\$ 53,443

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, 2023, the City was not exposed to custodial credit risk.

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 judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district; and government money market funds regulated by

CITY OF NOBLE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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.

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 discloses its exposure to interest rate risk by disclosing the maturity dates of its investments in the schedule above.

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

2.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 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, 2023, were as follows:

	Cash and equivalents	Investments	Totals
Governmental activities			
Bond trustee accounts	\$ 690,167	\$ -	\$ 690,167
Debt service	296,813	-	296,813
	<u>\$ 986,980</u>	<u>\$ -</u>	<u>\$ 986,980</u>
Business-type activities			
Bond trustee accounts	\$ 38,979	\$ 165,078	\$ 204,057
Utility deposits	87,591		87,591
	<u>\$ 126,570</u>	<u>\$ 165,078</u>	<u>\$ 291,648</u>
Component unit			
Debt service	<u>\$ 22,216</u>	<u>\$ -</u>	<u>\$ 22,216</u>

CITY OF NOBLE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS June 30, 2023

2.C. Capital Assets

Capital asset activity resulting from modified cash basis transactions for the fiscal year ended June 30, 2023 was as follows:

	Balance June 30, 2022	Additions	Reclassify	Balance June 30, 2023
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 379,224	\$ 10,800	\$ -	\$ 390,024
Construction in progress	348,017	1,985,161	(362,148)	1,971,030
Total Capital Assets, not being depreciated	727,241	1,995,961	(362,148)	2,361,054
Capital assets, being depreciated:				
Buildings	2,402,253	-	362,148	2,764,401
Other Improvements	706,415	-	-	706,415
Vehicles and equipment	3,520,038	279,119	-	3,799,157
Surplus property	2,250	-	-	2,250
Infrastructure	3,519,060	44,504	-	3,563,564
Total Capital Assets, being depreciated	10,150,016	323,623	362,148	10,835,787
Less accumulated depreciation for:				
Buildings	1,343,105	63,424	-	1,406,529
Other Improvements	268,520	29,709	-	298,229
Vehicles and equipment	2,133,016	225,990	-	2,359,006
Surplus property	2,250	-	-	2,250
Infrastructure	1,471,512	118,479	-	1,589,991
Total accumulated depreciation	5,218,403	437,602	-	5,656,005
Total capital assets, being depreciated, net	4,931,613	(113,979)	362,148	5,179,782
Governmental activities capital assets, net	\$ 5,658,854	\$1,881,982	\$ -	\$ 7,540,836
Business-Type Activities:				
Capital Assets, not being depreciated:				
Land	\$ 572,198	\$ 49,455	\$ -	\$ 621,653
Construction in progress	90,994	280,947	(303,103)	68,838
Total Capital Assets, not being depreciated	663,192	330,402	(303,103)	690,491
Capital assets, being depreciated:				
Buildings	312,393	-	-	312,393
Utility property/Improvements	7,055,674	-	303,103	7,358,777
Vehicles and equipment	1,657,387	-	-	1,657,387
Surplus property	-	-	-	-
Total Capital Assets, being depreciated	9,025,454	-	303,103	9,328,557
Less accumulated depreciation for:				
Buildings	66,468	7,851	-	74,319
Utility property/Improvements	3,253,038	174,535	-	3,427,573
Vehicles and equipment	728,711	89,871	-	818,582
Surplus property	-	-	-	-
Total accumulated depreciation	4,048,217	272,257	-	4,320,474
Total capital assets, being depreciated, net	4,977,237	(272,257)	303,103	5,008,083
Business-type activities capital assets, net	\$ 5,640,429	\$ 58,145	\$ -	\$ 5,698,574

CITY OF NOBLE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

Governmental Activities:

Police	\$ 81,448
Fire/EMS	121,475
General Government	40,840
Library	44,379
Parks	29,675
Streets	119,785

Total depreciation expense for governmental activities	<u>\$ 437,602</u>
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Business-Type Activities:

Water	\$ 137,017
Sewer	135,240

Total depreciation expense for business-type activities	<u>\$ 272,257</u>
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2.D. Long-Term Debt

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts due within one year
Governmental Activities:					
Note payable - direct borrowing	\$ 104,859	\$ 107,335	\$ (76,551)	\$ 135,643	\$ 62,154
Bonds Payable	3,095,000	-	(70,000)	3,025,000	210,000
Total Governmental Activities	<u>\$ 3,199,859</u>	<u>\$ 107,335</u>	<u>\$ (146,551)</u>	<u>\$ 3,160,643</u>	<u>\$ 272,154</u>
Business-Type Activities:					
Note payable	\$ 636,412	\$ -	\$ (58,211)	\$ 578,201	\$ 60,066
Note payable - direct borrowing	564,558	-	(90,860)	473,698	74,372
Total Business-Type Activities	<u>\$ 1,200,970</u>	<u>\$ -</u>	<u>\$ (149,071)</u>	<u>\$ 1,051,899</u>	<u>\$ 134,438</u>
Component Unit					
Note payable - direct borrowing	\$ 155,000	\$ -	\$ (75,000)	\$ 80,000	\$ 80,000
Total Business-Type Activities	<u>\$ 155,000</u>	<u>\$ -</u>	<u>\$ (75,000)</u>	<u>\$ 80,000</u>	<u>\$ 80,000</u>

CITY OF NOBLE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS June 30, 2023

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

Notes Payable-Direct Placement:

\$107,335 note payable obligation with a financial institution for a police car payable in annual installments of \$28,682 with interest calculated at 4.55%, final payment due June 2026.	\$ 78,667
\$29,686 note payable obligation with a financial institution for a police car payable in annual installments of \$7,640 with interest calculated at 1.93%, final payment due August 2023.	7,495
\$36,728 note payable obligation with a financial institution for a police car payable in annual installments of \$9,447 with interest calculated at 1.93%, final payment due October 2023.	9,268
\$81,830 note payable obligation with a financial institution for 2 police cars, payable in annual installments of \$21,141 with interest calculated at 1.93%, final payment due November 2024.	<u>40,213</u>
Total notes payable	<u>\$ 135,643</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, with semi-annual interest payments calculated at 2.0% to 3.19%. The debt is secured by ad-valorem taxes.	\$ 300,000
\$2,725,000 Series 2022 General Obligation Bonds, due in annual installments of principal payments of \$140,000, final installment March 1, 2042, with semi-annual interest payments calculated at 3% for the construction of a fire station.	<u>2,725,000</u>
Total general obligation bonds	<u>\$3,025,000</u>

CITY OF NOBLE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Business-Type Activities – Long-term commitments payable from net revenues generated by the utility resources or other resources pledged to the City's business-type activities at June 30, 2022, includes the following:

Notes Payable-Direct Placement:

\$725,000 note payable obligation with Government Capital Corporation for, an automated meter reading system payable in annual installments of \$90,173 at 4.19%, final payment due September 2028. \$ 469,808

\$68,499 note payable obligation with Simmons National Bank for a backhoe, payable in monthly installments of \$1,962 at 1.99%, final payment due August 2023. 3,885

Total notes payable – direct borrowing \$ 473,693

Notes payable:

2011 CWSRF Promissory Note to OWRB, original issue amount of \$1,175,000 dated May 2011 payable in semi-annual installments, interest rate not to exceed 2.7% fixed interest rate plus a one-half percent (1/2%) administration fee, for a term of twenty years. The collateral for the note is a pledge of revenues generated by the water and sewer system, along with a year-to-year pledge of certain sales tax revenue. In the event of default, the lender has all rights and remedies as allowed by law or pursuant to the provisions of the loan agreement, including but not limited to: 1) suit for specific performance of any or all of the covenants of the borrower contained in the loan agreement or in the note; 2) acceleration of the payment of principal and interest on the note; 3) appointment of temporary trustees to takeover, operate and maintain the System on a profitable basis and ensure the payment of the principal and of interest and administrative fees on the note and any other borrower indebtedness; 4) suit at law or equity to enforce or enjoin the action or inaction of parties under the provisions of the loan agreement. \$ 578,201

Component Units – Long-term commitments payable from the EMS District at June 30, 2023 is comprised of the following:

\$445,000 Series 2016 general obligation bonds, due in semi-annual Installments of interest only for the first two years and thereafter annual variable principal payments up to \$80,000, with interest calculated from 1.75% to 2%, due May 2024. \$ 80,000

CITY OF NOBLE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

Governmental Activities:

Year Ending June 30,	<u>Direct Borrowings</u>		<u>GO Bonds</u>	
	<u>Notes Payable</u>			
	Principal	Interest	Principal	Interest
2024	\$ 62,154	\$ 4,755	\$ 210,000	\$ 152,232
2025	46,072	2,906	210,000	74,751
2026	27,417	1,265	210,000	68,311
2027	-	-	230,000	61,731
2028	-	-	140,000	54,381
2029-2033	-	-	700,000	210,306
2034-2038	-	-	700,000	127,706
2039-2042	-	-	625,000	42,350
Total	<u>\$ 135,643</u>	<u>\$ 8,926</u>	<u>\$ 3,025,000</u>	<u>\$ 791,768</u>

Business-Type Activities:

Year Ending June 30,	<u>Direct Borrowings</u>		<u>Note payable</u>	
	<u>Notes Payable</u>			
	Principal	Interest	Principal	Interest
2024	\$ 74,372	\$ 19,694	\$ 60,066	18,330
2025	73,442	16,731	62,079	16,316
2026	76,519	13,653	64,110	14,286
2027	79,725	10,447	66,207	12,189
2028	83,066	7,107	68,346	10,049
2029-2032	86,569	3,626	257,393	16,991
Total	<u>\$ 473,693</u>	<u>\$ 71,258</u>	<u>\$ 578,201</u>	<u>\$ 88,161</u>

Component Unit

Year Ending June 30,	<u>GO Bonds</u>	
	Principal	Interest
2024	\$ 80,000	\$ 1,600
Total	<u>\$ 80,000</u>	<u>\$ 1,600</u>

CITY OF NOBLE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge - The City has pledged future sales tax revenue and water and sewer customer revenues, net of specified operating expenses, to repay a \$1.175 million promissory note to OWRB issued May 2011. The note is payable from pledged sales tax revenues and water and sewer customer net revenues and payable through 2031. The total principal and interest payable for the remainder of the life of the note is \$666,362. Pledged sales taxes received in the current year were \$2,070,956 and net utility revenues were \$838,276. Debt service payments of \$73,712 for the current fiscal year were 2.5% of both pledged sales taxes and net utility revenues of \$2,909,232.

Property Tax Revenue Pledged - The City has pledged future property tax revenues to repay a general obligation debt, \$1,000,000 Series 2012 street improvement bond issued June 2012 and a \$2,725,000 Series 2022 general obligation bond issued March 2022. The total remaining principal and interest to be paid on the bonds totals \$3,816,768 payable through March 2042. Debt service payments of \$81,795 for the current fiscal year were 24% of pledged property tax revenues of \$339,980.

Component unit pledged revenue – The EMS District has pledged future property tax revenues to repay general obligation debt, \$445,000 Series 2016 general obligation bonds, issued April 2016. The total principal and interest to be paid on the bonds total \$81,600 payable through 2024. Debt service payments of \$78,213 for the current fiscal year were 38% of pledged property tax revenues of \$207,520.

2.E. Interfund Transfers

Following is a summary of transfers occurring during the year:

<u>Purpose</u>	<u>Transfer out</u>	<u>Transfer in</u>	<u>Amount</u>
Transfer sales tax for debt service	General fund	NUA	\$ 2,070,956
Return of unused sales tax	NUA	General fund	2,070,956
Operating subsidy	NUA	EMS Fund	9,685
			<u>\$ 4,151,597</u>

Reconciliation to fund financial statements

	<u>Transfer out</u>	<u>Transfer in</u>	<u>Net interfund balances</u>
Governmental funds	\$ (2,070,956)	\$ 2,080,641	\$ 9,685
Enterprise funds	(2,080,641)	2,070,956	(9,685)
	<u>\$ (4,151,597)</u>	<u>\$ 4,151,597</u>	<u>\$ -</u>

CITY OF NOBLE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Transactions with component units – The accompanying financial statements report transactions between the City and its component unit. Payments from the EMS District to the City totaling \$141,667 were made to reimburse the City for costs incurred.

2.F. Fund Equity

The following table represents the various governmental fund balance constraints that were in place at June 30, 2023.

	<u>General fund</u>	<u>GO Sinking</u>	<u>Noble EMS</u>	<u>Totals</u>
Fund balance				
Restricted for:				
Capital projects	\$ 690,167	\$ -	\$ -	\$ 690,167
Public safety	120,275	-	-	120,275
Debt service	-	296,813	-	296,813
	<u>810,442</u>	<u>296,813</u>	<u>-</u>	<u>1,107,255</u>
Committed to:				
Public safety	24,528	-	-	24,528
EMS fund	-	-	84,503	84,503
Parks	114,335	-	-	114,335
Animal shelter	4,365	-	-	4,365
	<u>143,228</u>	<u>-</u>	<u>84,503</u>	<u>227,731</u>
Unassigned	<u>160,991</u>	<u>-</u>	<u>-</u>	<u>160,991</u>
Total fund balance	<u>\$ 1,114,661</u>	<u>\$ 296,813</u>	<u>\$ 84,503</u>	<u>\$ 1,495,977</u>

CITY OF NOBLE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 3 - Other Notes

3.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.

3.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 judgment 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 judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

3.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) are not reflected in the

CITY OF NOBLE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

financial statements. The City is not tracking the accrued benefit and so the liability amount has not been determined.

3.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 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, 2022. Participating members are required to contribute 9%. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

CITY OF NOBLE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Contributions for the last three years were as follows:

Fiscal Year	Required Contribution	Amount Contributed
2021	\$ 87,811	\$ 87,811
2022	\$ 95,498	\$ 95,498
2023	\$ 105,504	\$ 105,504

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.

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.

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, 2022. Participating members are required to contribute 8%. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

Contributions for the last three years were as follows:

Fiscal Year	Required Contribution	Amount Contributed
2021	\$ 64,755	\$ 64,755
2022	\$ 71,574	\$ 71,574
2023	\$ 81,918	\$ 81,918

The OPPRS 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/opprs or by writing by writing to OPPRS, 1001 NW 63rd Street, Suite 605, Oklahoma City, OK 73116-7335.

Defined Benefit Plan – 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.

CITY OF NOBLE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 4.25% of their annual covered salary. City of Noble is required to contribute at an actuarially determined rate; the rate is 13% of covered payroll. The required contribution was determined as part of the March 2015 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 2023, 2022, and 2021 were \$166,133, \$154,308, and \$135,372 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
COMBINING BALANCE SHEET
GENERAL FUND ACCOUNTS - MODIFIED CASH BASIS
For the Year Ended June 30, 2023

	General Fund Account	Court Fund Account	Total General Fund
Assets			
Cash and cash equivalents	\$ 1,114,730	\$ 6,836	\$ 1,121,566
Total assets	\$ 1,114,730	\$ 6,836	\$ 1,121,566
Liabilities			
Court bonds and other payables	\$ -	\$ 6,905	\$ 6,905
Total Liabilities	-	6,905	6,905
Fund balances			
Restricted	810,442	-	810,442
Committed	143,228	-	143,228
Unassigned	161,060	(69)	160,991
Total fund balances	1,114,730	(69)	1,114,661
Total liabilities and fund balances	\$ 1,114,730	\$ 6,836	\$ 1,121,566

CITY OF NOBLE, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND ACCOUNTS - MODIFIED CASH BASIS
For the Year Ended June 30, 2023

	General Fund Account	Court Fund Account	Total General Fund
Revenues			
Taxes	\$ 3,162,574	\$ -	\$ 3,162,574
Intergovernmental	126,355	-	126,355
Charges for services	47,685	-	47,685
Fines and forfeitures	110,827	-	110,827
Licenses and permits	113,245	-	113,245
Investment income	18,269	-	18,269
Miscellaneous	251,870	-	251,870
Total Revenues	<u>3,830,825</u>	<u>-</u>	<u>3,830,825</u>
Expenditures			
Current:			
Administration	509,162	-	509,162
Police	1,569,399	-	1,569,399
Animal control	135,991	-	135,991
Fire/EMS	587,590	-	587,590
General government	195,067	-	195,067
Library	50,991	-	50,991
Parks	12,497	-	12,497
Streets	233,615	-	233,615
Capital outlay	2,329,979	-	2,329,979
Debt service			
Principal retirement	76,551	-	76,551
Interest expense	1,335	-	1,335
Total Expenditures	<u>5,702,177</u>	<u>-</u>	<u>5,702,177</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,871,352)</u>	<u>-</u>	<u>(1,871,352)</u>
Other financing sources (uses)			
Debt proceeds	107,335	-	107,335
Transfers in	2,070,956	-	2,070,956
Transfers out	(2,070,956)	-	(2,070,956)
Total other financing sources (uses)	<u>107,335</u>	<u>-</u>	<u>107,335</u>
	(1,764,017)	-	(1,764,017)
Fund balances - beginning	<u>2,878,747</u>	<u>(69)</u>	<u>2,878,678</u>
Fund balances - ending	<u>\$ 1,114,730</u>	<u>\$ (69)</u>	<u>\$ 1,114,661</u>

CITY OF NOBLE, OKLAHOMA
Schedule of Federal Awards
Modified Cash Basis
For the Year Ending June 30, 2023

<u>Grantor/Program Title</u>	<u>Award Amount</u>	<u>Current Year Revenues</u>	<u>Current Year Expenditures</u>
Federal Awards:			
Federal - ARPA	\$ 1,234,745	\$ 618,823	\$ 53,580
Community Development Block Grant passed through Oklahoma Department of Commerce	184,999	184,999	94,005
Total Federal Awards	\$ <u>1,419,744</u>	\$ <u>803,822</u>	\$ <u>147,585</u>



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

To the Honorable Mayor and Members of the City Council
City of Noble, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Noble, Oklahoma (the “City”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated May 30, 2024. Our report included an emphasis-of-a-matter paragraph related to the City’s use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a significant deficiency.

HSPG & ASSOCIATES, PC

5400 N Grand Blvd, Suite 330 • Oklahoma City, Oklahoma 73112 • Phone: 405.844.9995 • Fax: 405.844.9975

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

City's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

HSPG & Associates, P.C.

May 30, 2024

**CITY OF NOBLE, OKLAHOMA
SCHEDULE OF FINDINGS
Year Ended June 30, 2024**

**Finding 2023-001
Internal Control Over Financial Reporting**

Criteria: Management of the City is responsible for establishing and maintaining effective internal controls over financial reporting.

Condition: Material audit adjustments were necessary to present the financial statements in accordance with the modified cash basis of accounting.

Cause: The City's internal financial model focuses on the budgetary impact of transactions. As a result, income and expenses are not always reported in the year that the underlying cash transaction occurs as required by the City's use of the modified cash basis of accounting.

Effect or potential effect: The lack of certain year-end reconciliations could potentially result in material misstatements of the financial statements and material departures from the modified cash basis of accounting.

Recommendation: We recommend that the City refine controls in place around the year-end financial statement close process.

View of responsible official: Management agrees with the finding as described. We have been in contact with Crawford and Associates to perform this service to begin at the fiscal 2024 audit. If they are not able to provide this service, another qualified provider will be procured.