

CITY OF HOBART

Kiowa County, Oklahoma

Annual Financial Statements and
Independent Auditor's Report
Fiscal Year June 30, 2024

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CITY OF HOBART, OKLAHOMA
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Scott Northrip

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Hobart, Oklahoma

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hobart, Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprises the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the City of Hobart, Oklahoma, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting.

Basis for Opinions

We conducted the audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those 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 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.

Responsibility 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 and for determining that the modified cash basis of accounting is an acceptable basis of accounting under 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months after the date of the financial statements and no conditions were found that raise substantial doubt.

Auditor's Responsibility 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 misstatements, 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 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 GAAS, I: a) exercised professional judgement and maintained professional skepticism throughout the audit, b) 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, c) 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, d) evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements, e) 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, and f) 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 Supplementary Information

The combining statements, pages 28-31, are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matters

Management is responsible for the other information included in the annual report. The other information comprises the Budgetary Comparison Schedule, page 37, 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.

Other Reporting Requirements by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2025, on our consideration of the City of Hobart, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Scott Northrip, CPA

Scott Northrip, CPA

March 13, 2025

CITY OF HOBART, OKLAHOMA
Government-Wide Statement of Net Position-Modified Cash Method
As of June 30, 2024

	Governmental Funds	Proprietary Funds	TOTAL	Component Units
ASSETS:				
Cash & Cash Equivalents	\$ 933,433	\$ 185,012	\$ 1,118,445	\$ 263,338
Investments	1,404,514	1,404,514	2,809,028	-
Restricted Cash & Equivalents	-	-	-	-
Deposits	-	-	-	-
Due from others	-	-	-	60,587
Capital Assets:				
Construction in Progress	-	-	-	-
Loan Origination Fees - Net	-	-	-	-
Land	-	219,200	219,200	-
Capital Assets, net of depreciation	4,623,274	10,425,470	15,048,744	707,637
TOTAL ASSETS	\$ 6,961,221	\$ 12,234,196	\$ 19,195,417	\$ 1,031,562
LIABILITIES AND NET POSITION:				
Liabilities:				
Draft Payables	\$ 60,859	\$ 448,072	\$ 508,931	\$ -
Due to Others	-	80,264	80,264	-
Long-term Liabilities and Leases:				
Due within one year	-	229,671	229,671	10,796
Due in more than one year	-	4,255,268	4,255,268	80,996
TOTAL LIABILITIES	\$ 60,859	\$ 5,013,275	\$ 5,074,134	\$ 91,792
Net Position:				
Restricted	\$ 119,952	\$ 45	\$ 119,997	\$ 103,652
Invested in capital assets, net of debt	4,623,274	6,159,731	10,783,005	615,845
Unrestricted	2,157,136	1,061,145	3,218,281	220,273
TOTAL NET POSITION	\$ 6,900,362	\$ 7,220,921	\$ 14,121,283	\$ 939,770

See accompanying notes to the financial statements.

CITY OF HOBART, OKLAHOMA
Governmental-Wide Statement of Activities-Modified Cash Method
For the Year Ended June 30, 2024

	Governmental Funds	Proprietary Funds	TOTAL	Component Unit
REVENUES:				
Taxes	\$ 1,915,732	\$ -	\$ 1,915,732	\$ -
Franchise Fees	164,329	-	164,329	-
Intergovernmental	32,895	-	32,895	-
Charges for Services	255,001	2,518,258	2,773,259	131,956
Licenses and Permits	10,721	-	10,721	-
Capital & Operating Grants	514,566	-	514,566	-
Royalties	21,374	-	21,374	-
Fines	45,501	-	45,501	-
Donations	12,934	-	12,934	-
Investment Revenues	64,886	83,120	148,006	793
Miscellaneous Revenues	26,826	3,365	30,191	20,368
TOTAL REVENUES	\$ 3,064,765	\$ 2,604,743	\$ 5,669,508	\$ 153,117
EXPENDITURES:				
General Government	\$ 434,383	\$ 196,816	\$ 631,199	\$ 3,000
Public Safety	1,092,471	-	1,092,471	-
Culture & Recreation	421,435	158,866	580,301	62,208
Health & Welfare	275,356	395,655	671,011	-
Water & Sewer Operations	-	1,370,385	1,370,385	-
Interest Expense	-	3,804	3,804	5,939
Depreciation & Amortization	432,990	329,884	762,874	62,332
Airport	59,570	41,894	101,464	-
TOTAL EXPENDITURES	\$ 2,716,205	\$ 2,497,304	\$ 5,213,509	\$ 133,479
EXCESS REVENUES BEFORE TRANSFER	\$ 348,560	\$ 107,439	\$ 455,999	\$ 19,638
OTHER SOURCES (USES):				
Transfers In	\$ 70,583	\$ 69,015	\$ 139,598	\$ 10,000
Transfers Out	(135,015)	(14,583)	(149,598)	-
TOTAL OTHER SOURCES (USES)	\$ (64,432)	\$ 54,432	\$ (10,000)	\$ 10,000
EXCESS (DEFICIENCY) OF REVENUES	\$ 284,128	\$ 161,871	\$ 445,999	\$ 29,638
Net Position, Beginning of Year	6,616,234	7,059,050	13,675,284	910,132
Net Position, End of Year	\$ 6,900,362	\$ 7,220,921	\$ 14,121,283	\$ 939,770

See accompanying notes to the financial statements.

CITY OF HOBART, OKLAHOMA
Balance Sheet - Governmental Funds -Modified Cash Method
As of June 30, 2024

	General	Ltd Purpose Hotel Tax & Sales Tax	Other Government Funds	TOTAL GOVERNMENT FUNDS
ASSETS:				
Cash & Cash Equivalents	\$ 53,307	\$ 448,847	\$ 431,279	\$ 933,433
Investments	1,404,514	-	-	1,404,514
Restricted Cash & Equivalents	-	-	-	-
Deposits	-	-	-	-
Due from other funds	-	-	-	-
TOTAL ASSETS	\$ 1,457,821	\$ 448,847	\$ 431,279	\$ 2,337,947
LIABILITIES AND NET POSITION:				
Liabilities:				
Negative Cash Balance	\$ -	\$ -	\$ 60,859	\$ 60,859
Due to others			-	-
TOTAL LIABILITIES	\$ -	\$ -	\$ 60,859	\$ 60,859
Fund Balance:				
Restricted	\$ -	\$ -	\$ 119,952	\$ 119,952
Committed	-	448,847	20,436	469,283
Assigned	-	-	-	-
Unassigned	1,457,821	-	230,032	1,687,853
TOTAL FUND BALANCE	\$ 1,457,821	\$ 448,847	\$ 370,420	\$ 2,277,088
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,457,821	\$ 448,847	\$ 431,279	\$ 2,337,947

Reconciliation of Government-Wide Statement of Net Position

Total Governmental Fund Balance \$ 2,277,088

Amounts reported on government-wide Statement of Net Position
are reported difference because:

Capital assets used in governmental activities are not financial resources and therefore,
are not reported as assets in governmental funds. The cost of the assets is reported in
Note 3 (D). The Total Cost of the assets is \$12,724,974.97 and the Total Accumulated
Depreciation is \$8,101,701.25 for a net value of \$4,623,273.72.

4,623,274

TOTAL NET POSITION **\$ 6,900,362**

See accompanying notes to the financial statements.

CITY OF HOBART, OKLAHOMA

Governmental Funds Statement of Activities & Fund Balance-Modified Cash Method For the Year Ended June 30, 2024

	General	Ltd Purpose Hotel Tax & Sales Tax	Other Government Funds	TOTAL GOVERNMENT FUNDS
REVENUES:				
Taxes	\$ 1,546,220	\$ 369,512	\$ -	\$ 1,915,732
Franchise Fees	108,503	-	55,826	164,329
Intergovernmental	32,895	-	-	32,895
Charges for Services	92,472	-	162,529	255,001
Licenses and Permits	10,721	-	-	10,721
Capital & Operating Grants	-	-	514,566	514,566
Royalties & Wind Leases	-	21,374	-	21,374
Fines	45,501	-	-	45,501
Donations	-	-	12,934	12,934
Investment Revenues	64,644	-	242	64,886
Miscellaneous Revenues	7,528	12,074	7,224	26,826
TOTAL REVENUES	\$ 1,908,484	\$ 402,960	\$ 753,321	\$ 3,064,765
EXPENDITURES:				
General Government	\$ 400,361	\$ 9,081	\$ 24,941	\$ 434,383
Public Safety	1,076,190	-	16,281	1,092,471
Culture & Recreation	394,017	2,503	24,915	421,435
Health & Welfare	-	275,356	-	275,356
Airport	-	-	59,570	59,570
Capital Outlay	-	608,376	168,743	777,119
TOTAL EXPENDITURES	\$ 1,870,568	\$ 895,316	\$ 294,450	\$ 3,060,334
EXCESS (DEFICIENCY) OF REVENUES	\$ 37,916	\$ (492,356)	\$ 458,871	\$ 4,431
OTHER SOURCES (USES):				
Transfers In	\$ 60,583	\$ -	\$ 10,000	\$ 70,583
Transfers Out	-	(89,015)	(46,000)	(135,015)
TOTAL OTHER SOURCES (USES)	\$ 60,583	\$ (89,015)	\$ (36,000)	\$ (64,432)
NET CHANGES IN FUND BALANCES	\$ 98,499	\$ (581,371)	\$ 422,871	\$ (60,001)
Fund Balances - Beginning	1,359,322	1,030,218	(52,451)	2,337,089
FUND BALANCES - ENDING	\$ 1,457,821	\$ 448,847	\$ 370,420	\$ 2,277,088

See accompanying notes to the financial statements.

CITY OF HOBART, OKLAHOMA
Proprietary Funds Statement of Net Position
(Modified Cash Basis)
As of June 30, 2024

ASSETS:

Current Assets:

Cash & Cash Equivalents	\$ 185,012
Investments	1,404,514
Total Current Assets	<u>\$ 1,589,526</u>

Noncurrent Assets:

Loan Origination Fees - Net	\$ -
Construction In Progress	-
Capital Assets:	
Land	219,200
Other Capital Assets, net of depreciation	10,425,470
Total Noncurrent Assets	<u>\$ 10,644,670</u>

TOTAL ASSETS

\$ 12,234,196

LIABILITIES AND NET POSITION:

Current Liabilities:

Draft Payables & Overdrawn Accounts	\$ 448,072
Due to depositors	80,264
Current portion of noncurrent liabilities	229,671
Total Current Liabilities	<u>\$ 758,007</u>

Noncurrent Liabilities:

Notes payable	\$ 4,484,939
Capital lease payable	-
Less: Current portion of noncurrent liabilities	(229,671)
Total Noncurrent Liabilities	<u>\$ 4,255,268</u>

TOTAL LIABILITIES

\$ 5,013,275

Net Position:

Restricted Fund Balance for:	
Debt Service	\$ -
System Improvements	45
Invested in capital assets, net of debt	6,159,731
Unrestricted Fund Balance	1,061,145

TOTAL NET POSITION

\$ 7,220,921

TOTAL LIABILITIES AND NET POSITION

\$ 12,234,196

See accompanying notes to the financial statements.

CITY OF HOBART, OKLAHOMA
Proprietary Funds Statement of Activities & Net Position
(Modified Cash Basis)
For the Year Ended June 30, 2024

OPERATING REVENUES:

Water	\$ 1,418,433
Sewer	300,876
Sanitation	732,969
Connect, Reconnect & Transfer fees	28,261
Late fees	37,719
Reimbursements	2,426
Miscellaneous Revenues	939

Total Operating Revenues	<u>\$ 2,521,623</u>
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OPERATING EXPENSES:

Administration	\$ 196,816
Water & Sewer operations	1,370,385
Solid Waste	395,655
Recreation	158,866
Airport	41,894
Depreciation & Amortization	329,884

Total Operating Expenses	<u>\$ 2,493,500</u>
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OPERATING INCOME (LOSS)	<u>\$ 28,123</u>
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OTHER REVENUES (EXPENSES):

Investment Revenues	\$ 83,120
Gain (Loss) on the Sale of Assets	-
Farm Rent	-
Interest Expense	(3,804)
Total Other Revenues(Expenses)	<u>\$ 79,316</u>

NET INCOME (LOSS) BEFORE TRANSFERS	<u>\$ 107,439</u>
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Transfers In	69,015
Transfers Out	(14,583)

CHANGES IN NET POSITION	<u>\$ 161,871</u>
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Net Position - Beginning	<u>7,059,050</u>
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NET POSITION - ENDING	<u><u>\$ 7,220,921</u></u>
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See accompanying notes to the financial statements.

CITY OF HOBART, OKLAHOMA
Proprietary Funds Statement of Cash Flows
(Modified Cash Basis)
For the Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$ 2,521,623
Payments to suppliers	(1,060,617)
Payments to employees & benefits	(797,918)
Miscellaneous Revenues	-
Net Cash Provided by Operating Activities	<u>\$ 663,088</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES:**

Purchase of capital assets	\$ (1,127,548)
Payments for loan origination fees	-
Proceeds from long term notes	377,438
Restricted cash used to pay on debt	-
Principal paid on debt	(221,195)
Interest paid on debt	(3,804)
Net Cash Used In Capital & Related Financing Activities	<u>\$ (975,109)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Investment Revenues	\$ 83,120
Farm Rent	-
Net Cash Provided from Investing Activities	<u>\$ 83,120</u>

CASH FLOWS FROM OTHER ACTIVITIES:

Transfers In	\$ 69,015
Transfers Out	(14,583)
Net Cash Used in Other Activities	<u>\$ 54,432</u>

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash Balance - Beginning	\$ (174,469)
	<u>1,763,995</u>

CASH BALANCE - ENDING

\$ 1,589,526

**Reconciliation of Operating Income (Loss) to Net Cash Provided
by Operating Activities:**

Operating Income (Loss)	\$ 28,123
Adjustments to reconcile operating income to net cash provided (used) by Operating Activities:	
Depreciation expense	325,371
Amortized loan origination fees	4,513
Change in assets and liabilities:	
Draft Payable	305,081
Meter Deposits	-

Net Cash Provided from Operating Activities

\$ 663,088

CITY OF HOBART, OKLAHOMA

Footnotes to the Basic Financial Statements

For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Hobart, Oklahoma's financial reporting entity includes two separate legal entities reported as the primary government:

Primary Government:	City of Hobart
Blended Component Unit:	Public Works Authority
Discretely Presented Component Units:	Hobart Economic Development Authority Hobart Industrial Development Authority Hobart Recreation Authority Hobart Education Facilities

These financial statements present the activities of the City and includes all component units of which the City appointed a voting majority of the board, and the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. The component unit's fund is blended into those of the City's by appropriate activity type to comprise the primary government presentation.

Component units that are blended into the reporting activity types of the City's report are:

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>	<u>Reporting</u>
Public Works Authority	Created to operate the water and wastewater services of the City. The City is the beneficiary of the authority and the City Council serves as the governing body of the authority.	Enterprise Fund

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Component units that are discretely presented are presented below:

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>	<u>Reporting</u>
Hobart Economic Development Authority	Created to oversee local business low interest loan program, and business properties lease.	Enterprise Fund
Hobart Industrial Development Authority	Created to promote business activities in the City.	Enterprise Fund
Hobart Recreation Authority	Created to operate golf course and facilities.	Enterprise Fund
Hobart Education Facilities	Created to assist in obtaining bonds to build education facilities.	Enterprise Fund

CITY OF HOBART, OKLAHOMA
Footnotes to the Basic Financial Statements - Continued
For the Year Ended June 30, 2024

Summary of Significant Accounting Policies (continued)

B. Basis of Presentation and Accounting

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

- capital assets and the depreciation of those assets, where applicable
- long-term debt
- cash-based inter-fund receivables and payables
- investments
- utility deposit liabilities

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues and certain liabilities and their related expenses are not recorded in these financial statements. In addition, capital assets and long-term debt activity is not reported in the statement of net position. Business-type activities are also reported on a modified cash basis.

The City's governmental funds are comprised of the following funds:

Major Funds:

- General Fund – accounts for all activities of administering and maintaining the City
- Limited Purpose Sales Tax Fund – accounts for certain sales tax revenues legally restricted for street improvements, sanitation costs, ambulance costs, and equipment purchases.

Non-Major Funds:

- Cemetery Care Fund – accounts for 12.5% of cemetery revenue restricted by State law for cemetery capital improvements.
- Cemetery Trust Fund – accounts for specific cemetery donations which are restricted for cemetery use only.
- Library Cash Fund – accounts for all library revenues restricted for library use only.
- 911 Fund – accounts for the City's share of E-911 customer assessment that is legally restricted for improvements to the system.
- Municipal Airport Fund – accounts for certain revenues and expenditures on the airport.
- Seed Money Fund – accounts for funds set aside to make improvements and fund projects.

The governmental funds are reported on a modified cash basis of accounting, as described in footnote above, and current financial resources measurement focus. Only current financial assets and liabilities are generally included on the fund balance sheet or statement of net position. The statement of activities present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance or net position as their measure of available spendable financial resources at the end of the period.

The proprietary funds are reported on a modified cash basis and economic resources measurement focus. The City's proprietary funds consist of the Public Works Authority which accounts for the operation of the water, wastewater, and sanitation activities, and the Oklahoma Water Resources Board Loan Account which accounts for the debt service activity of the OWRB loan.

CITY OF HOBART, OKLAHOMA
Footnotes to the Basic Financial Statements - Continued
For the Year Ended June 30, 2024

Summary of Significant Accounting Policies (continued)

C. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less. Investments consist of long-term certificates of deposit and are reported at cost.

D. Assets, Liabilities and Net Position

Receivables

The City's policy is to eliminate inter-fund receivables and payables between funds in the statement of net position to avoid the grossing up of balances.

Capital Assets

Capital assets are reported when they result from cash transactions and are net of accumulated depreciation in the proprietary funds and government-wide financial statements. Capital assets in the governmental funds are not reported as assets but reported as expenditures when purchased.

Depreciable capital assets are depreciated on a straight-line basis over their estimated useful life. A capitalization threshold of \$500 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

Buildings	30-50 years
Improvements other than buildings	10-25 years
Machinery, furniture, and equipment	3-20 years
Utility property and improvements	10-50 years
Infrastructure	5-50 years

Compensated Absences

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences and compensatory time earned but unpaid at year end, and any employer-related costs earned and unpaid, are not reflected in the financial statements.

Long-Term Debt

Long-term debt is reported in the financial statements of the government-wide statements and the proprietary fund statements. The governmental funds report debt proceeds as revenues and payments as expenditures.

Equity Classification

Net Position / Fund Balance

In the government-wide financial statement, net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

CITY OF HOBART, OKLAHOMA
Footnotes to the Basic Financial Statements - Continued
For the Year Ended June 30, 2024

Summary of Significant Accounting Policies (continued)

Net Position / Fund Balance (continued)

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed on the use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund) and those that are *spendable* (such as fund balance associated with cash, investments, or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *Assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; or by law through constitutional provision or enabling legislation.

Committed fund balance represents amounts that are usable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts) but cannot be used for any other purpose unless the government removes or changes by taking action similar to that which imposed the commitment. The City Council is the highest level of decision making authority of the City.

Assigned fund balance represents amounts that are *intended* to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

Resource Use Policy

It is in the City's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the City considers the restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the City's policy that when an expenditure/expense is incurred for purposes for which committed, assigned or unassigned resources, including fund balances, are available, the City considers committed, amounts to be spent first, followed by assigned amounts, and lastly, unassigned amounts.

E. Revenues, Expenditures and Expenses

Sales Tax

The City presently levies a 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 Tax Commission receives the sales tax approximately one month after collection by vendors.

CITY OF HOBART, OKLAHOMA
Footnotes to the Basic Financial Statements - Continued
For the Year Ended June 30, 2024

Summary of Significant Accounting Policies (continued)

Revenues, Expenditures and Expenses (continued)

Use Tax

The City levies a use-tax on personal property purchased outside the City limits but stored, used, or consumed within the City. The use tax is collected by the Oklahoma Tax Commission and remitted to the city in the month following receipt by the Tax Commission, which is one month after the tax is received from the vendors.

Operating Revenues and Expenses

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

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities. In the fund financial statements, expenditures are classified by character, such as Current Debt Service, and Capital Outlay. In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent re-allocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Measurement Focus

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

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities, as reported separately, are presented using the economic resources measurement focus as defined in item (b) below:

All government funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applied to them.

CITY OF HOBART, OKLAHOMA
Footnotes to the Basic Financial Statements - Continued
For the Year Ended June 30, 2024

2. Stewardship, Compliance, and Accountability

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

A. Fund Accounting Requirements

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

Public Works Authority	Required by: Trust Indenture
------------------------	------------------------------

B. Deposit and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the city council or loan committee. As reflected in Note 3, all deposits were fully insured or collateralized.

C. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state and local requirements which include the primary restricted revenue sources as:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Special Sales Tax	Ambulance, Sanitation & Equipment
Utility Revenue	Debt Service and Utility Capital Assets
Gasoline Excise Tax	Street and Alley Purposes
Commercial Vehicle Tax	Street and Alley Purposes

D. Debt Restrictions and Covenants

General Obligation Debt – City debt

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the year ending June 30, 2024, the City had no outstanding general obligation debt.

Other Long-Term Debt

Except as noted in the previous paragraph, as required by the Oklahoma State Constitution, the City (excluding Public Trusts) may not incur any indebtedness that would require payment from resources Beyond the current fiscal year revenue, without first obtain voter approval.

Notes Payable – Trust Debt

The various loan agreements relating to the note's payable issuance of Hobart Public Works Authority and the Hobart Economic Development Authority may contain some financial restrictions or covenants. There were no requirements for capital lease obligations for the year ending June 30, 2024.

CITY OF HOBART, OKLAHOMA
Footnotes to the Basic Financial Statements - Continued
For the Year Ended June 30, 2024

Stewardship, Compliance, and Accountability (continued)

E. Fund Balance Restrictions

Deficit Prohibition

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The City complied with this statute in all material respects for the year ended June 30, 2024.

3. Detailed Notes on Transaction Classes/Accounts

A. Cash and Investments

Custody Credit Risk – deposits in financial institutions, reported as cash & cash equivalents and investments, were insured by depository insurance and/or secured with collateral held by the City's agent in its name. As of June 30, 2024, none of the City's deposits were exposed to custodial credit risk.

Investment Interest Rate Risk – the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates.

Investment Credit Risk – the City has no investment policy that limits its investment choices other than the limitations of state law that generally authorizes investments in: (1) government obligations; (2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; (3) certain negotiable instruments; (4) county, municipal or school district supported debt obligations.

Schedule of Deposits and Investments:

Demand Deposits	\$ 4,189,796
Cash on Hand	<u>1,015</u>
Total	<u>\$ 4,190,811</u>

Reconciliation to Statement of Net Position:

Governmental Funds	\$ 2,337,947
Proprietary Funds	1,589,526
Component Units	<u>263,338</u>
Total	<u>\$ 4,190,811</u>

B. Restricted Assets

The amounts reported as restricted assets are comprised of cash amounts held in trust for customer utility meter deposits. The City also has an account dedicated for capital improvements from special sales tax resources.

The restricted assets as of June 30, 2024, are as follows:

Customer Deposits	\$ 80,265
Special Revenue	<u>0</u>

CITY OF HOBART, OKLAHOMA
Footnotes to the Basic Financial Statements - Continued
For the Year Ended June 30, 2024

C. Long-Term Debt

Long-term debt of the proprietary funds consisted of the following:

	<u>Balance</u>	<u>Current Portion</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Annual Payments</u>
Bonds Payable -Ser 2021	\$ 4,412,459	210,000	3.1%	6-15-41	503,402
Great Plains National Bank	<u>72,480</u>	<u>19,671</u>	4.5%	12-6-27	22,500
Total Long-term debt	<u>\$ 4,484,939</u>	<u>\$ 229,671</u>			

City received \$1,582,365 of proceeds from the Oklahoma Water Resources Board. The note has \$6,538,284 of available proceeds for the water improvement project. Interest on the construction project of \$300,902 was capitalized and included in the cost of the project. The final schedule of principal payments will be completed once the project is completed.

The City borrowed \$100,000 from Great Plains National Bank to purchase 3 new trucks.

The long-term debt principal payments for the next four years are as follows:

<u>Year Ended</u>	<u>Note 2021</u>	<u>GPNB</u>
2026	220,000	20,576
2027	0	21,253
2028	0	10,710
2029	0	0

	<u>Balance</u> <u>June 30, 2023</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2024</u>
Bonds Payable -Ser 2021	\$ 4,237,521	\$ 377,438	\$ 202,500	\$ 4,412,459
Note Payable – GPNB	<u>91,176</u>	<u>0</u>	<u>18,696</u>	<u>72,480</u>
Total Business-type	<u>\$ 4,328,697</u>	<u>\$ 377,438</u>	<u>\$ 221,196</u>	<u>\$ 4,484,939</u>

Long-term debt of the component unit consisted of the following:

	<u>Balance</u>	<u>Current Portion</u>	<u>Interest Rate</u>	<u>Annual Payments</u>
Notes Payable – Great Plains Nat'l	\$ <u>91,792</u>	\$ <u>10,797</u>	6.0%	\$ 15,127
Total Long-term debt	<u>\$ 91,792</u>	<u>\$ 10,797</u>		

The loan proceeds were used to build the Recyclers Building.

The long-term debt principle payments for the next four years are as follows:

<u>Year Ended</u>	<u>Note</u>
2029	11,393
2027	12,037
2028	12,717
2029	13,436

	<u>Balance</u> <u>June 30, 2023</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2024</u>
Bonds Payable -Ser 2021	<u>\$ 100,981</u>	<u>\$ 0</u>	<u>\$ 9,188</u>	<u>\$ 91,792</u>

CITY OF HOBART, OKLAHOMA
Footnotes to the Basic Financial Statements - Continued
For the Year Ended June 30, 2024

Detailed Notes on Transaction Classes/Accounts - continued

D. SCHEDULE OF CAPITAL ASSETS:

PROPRIETARY FUND ASSETS:

	Balance 7/1/2023	Additions	Deletions	Balance 6-30-2024
For the Year 6/30/2024				
Land	\$ 216,700.00	\$ 2,500.00	\$ -	\$ 219,200.00
Building	420,671.00	-	-	420,671.00
Machinery & Equipment	686,753.14	-	-	686,753.14
Vehicles	170,364.00	46,514.99	-	216,878.99
Utility System	28,498,746.23	1,078,532.90	-	29,577,279.13
Infrastructure	446,698.38	-	-	446,698.38
TOTAL	\$ 30,439,932.75	\$ 1,127,547.89	\$ -	\$ 31,567,480.64
ACCUMULATED DEPRECIATION:				
Building	\$ 323,928.65	\$ 6,257.74	\$ -	\$ 330,186.39
Machinery & Equipment	612,489.17	16,755.22	-	629,244.39
Vehicles	151,109.00	11,481.50	-	162,590.50
Utility System	19,209,632.76	275,986.31	-	19,485,619.07
Infrastructure	300,280.47	14,889.94	-	315,170.41
TOTAL ACCUM. DEP.	\$ 20,597,440.05	\$ 325,370.71	\$ -	\$ 20,922,810.76
NET FIXED ASSETS	\$ 9,842,492.70	\$ 802,177.18	\$ -	\$ 10,644,669.88

HOBART RECREATION AUTHORITY:

	Beginning Balance	Additions	Deletions	Ending Balance
Buildings	490,950.00	-		490,950.00
Machinery & Equipment	302,509.14	41,780.00	(18,657.73)	325,631.41
Land & Improvements	239,389.28	-		239,389.28
TOTAL	\$ 1,032,848.42	\$ 41,780.00	\$ (18,657.73)	\$ 1,055,970.69
ACCUMULATED DEPRECIATION:				
Buildings	232,484.32	16,927.66		249,411.98
Machinery & Equipment	228,539.68	25,642.58	(18,657.73)	235,524.53
Land & Improvements	75,686.09	5,519.29		81,205.38
TOTAL ACCUM. DEPRECIATION	\$ 536,710.09	\$ 48,089.53	\$ (18,657.73)	\$ 566,141.89
NET FIXED ASSETS - RECREATION	\$ 496,138.33	\$ (6,309.53)	\$ -	\$ 489,828.80

CITY OF HOBART
Footnotes to the Basic Financial Statements - Continued
For the Year Ended June 30, 2024

Detailed Notes on Transaction Classes/Accounts - continued

SCHEDULE OF CAPITAL ASSETS - continued

GENERAL FIXED ASSET GROUP:

	Balance		Additions		Deletions		Balance
For the Year 6/30/2024	7/1/2023						6-30-2024
Land & Improvements	\$ 1,865,956.45	\$	-	\$	-	\$	1,865,956.45
Building	3,100,249.65		5,955.00		-		3,106,204.65
Machinery & Equipment	2,242,997.00		569,302.47		-		2,812,299.47
Vehicles	1,481,127.56		201,861.05		(47,735.93)		1,635,252.68
Infrastructure	3,305,261.72		-		-		3,305,261.72
							-
TOTAL	\$ 11,995,592.38	\$	777,118.52	\$	(47,735.93)	\$	12,724,974.97
							-
ACCUMULATED DEPRECIATION:							-
Land Improvements	\$ 1,284,942.28	\$	12,961.46	\$	-	\$	1,297,903.74
Building	2,003,446.90		108,635.76		-		2,112,082.66
Machinery & Equipment	1,739,803.33		114,920.92		-		1,854,724.25
Vehicles	1,242,609.08		69,004.06		(47,735.93)		1,263,877.21
Infrastructure	1,445,645.24		127,468.15		-		1,573,113.39
							-
TOTAL ACCUM. DEP.	\$ 7,716,446.83	\$	432,990.35	\$	(47,735.93)	\$	8,101,701.25
NET FIXED ASSETS	\$ 4,279,145.55	\$	344,128.17	\$	-	\$	4,623,273.72

HOBART ECONOMIC DEVELOP AUTHORITY:

	Beginning Balance		Additions		Deletions		Ending Balance
Buildings	\$ 459,700.70	\$	-	\$	-	\$	459,700.70
Accumulated Depreciation	227,650.55		14,242.09		-		241,892.64
NET FIXED ASSETS FOR HEDA	\$ 232,050.15	\$	(14,242.09)	\$	-	\$	217,808.06

CITY OF HOBART, OKLAHOMA
Footnotes to the Basic Financial Statements - Continued
For the Year Ended June 30, 2024

4. Other Information

A. Pension Plan Participation

The City participates in three pension or retirement plans:

- a. Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost sharing plan
- b. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost sharing plan
- c. Oklahoma Municipal Retirement System Master Defined Contribution Plan (OMRF) – an agent multiple-employer defined contribution plan

Schedule of Retirement Plan Contributions:

<u>Year</u>	<u>Police</u>	<u>Firefighters</u>	<u>OMRF</u>
2022	41,526	29,124	64,430
2023	47,069	27,562	67,586
2024	54,198	29,431	74,013

Since July 1, 1994, the City has provided a defined contribution plan and trust known as the City of Hobart Plan and Trust ("the Plan") in the form of the Oklahoma Municipal Retirement System Master Defined Contribution Plan (OMRF). The defined contribution plan is available to all full-time employees except those participating in the state fire or police pensions. After 6 months, full-time employees can participate and contribute to the Plan up to 5% upon their option. The contribution rate of the City's participation is presently 10%.

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

Pursuant to the requirements of Title 11, section 22-102, the City of Hobart participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). The paid police person contributes 8% to the plan and the City is required by state law to contribute 13% per year per paid police person to the statewide plan. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OPPRS issues a publicly available report that includes financial statements, which can be obtained from the Oklahoma Police Pension and Retirement System, 1001 N.W. 63rd Street, Oklahoma City, OK 73116-7335.

Pursuant to the requirements of Title 11, section 22-102, the City of Hobart participates in the statewide cost sharing multi-employer defined benefit plan administered by the Oklahoma Firefighters Pension Board on behalf of both paid and volunteer firefighters. The paid firefighter contributes 8% to the plan. The City is required by state law to contribute 13% per year per paid firefighter to the statewide plan. The plan is funded by contributions from the participant, employers, insurance premium taxes, and state appropriations, as necessary.

A copy of the Firefighters Statewide Pension Plan financial statements can be obtained from the Oklahoma Firefighters Pension System, 4545 Lincoln Blvd. Suite 263, Oklahoma City, OK 73105-3707.

CITY OF HOBART, OKLAHOMA
Footnotes to the Basic Financial Statements - Continued
For the Year Ended June 30, 2024

Other Information (continued)

B. Risk Management

The City is exposed to various risks of loss related to tort; theft of damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The City purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials' liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The City is a member of the Oklahoma Municipal Assurance Group Workers' Compensation Plan (the Plan), an organization formed for the purpose of providing workers' compensation coverage Through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that City, the Plan is responsible for providing loss control services and certain fiscal activities including obtaining contract arrangements for the underwriting excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the Plan year.

As a member of the Plan, the City is required to pay fees set by the Plan according to an established payment schedule. The City is responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. A Loss Fund has been established from the proceeds of fees paid by the City. The State Insurance Fund provides coverage in excess of the Loss Fund so the City's liability for claim loss is limited to the balance of that fund. However, failure of the State Insurance Fund to honor its obligations could result in losses to the Plan.

C. Contingent Liabilities

The City is a party to various legal proceedings which normally occur in the course of government operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of advalorem taxes over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. 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.

D. Proprietary Fund Rates

<u>Water Rates</u>	<u>In Town</u>	<u>Out of Town</u>
First 2,000 Gallons – Minimum	\$ 29.10	\$ 31.50
2,001-7,000 Gallons	\$8.88 per 1,000 gal.	\$8.88 per 1,000 gal.
7,001-15,000 Gallons	\$9.00 per 1,000 gal.	\$9.00 per 1,000 gal.
15,001-25,000 Gallons	\$9.50 per 1,000 gal.	\$9.50 per 1,000 gal.
25,001-50,000 Gallons	\$10.00 per 1,000 gal.	\$10.00 per 1,000 gal.
Over 50,000 Gallons	\$10.50 per 1,000 gal.	\$10.50 per 1,000 gal.
Improvement Charges per customer	\$ 7.55	
Rocky Lake Charges per customer	\$ 9.50	
Ambulance Fee per customer	\$2.00	

CITY OF HOBART, OKLAHOMA
Footnotes to the Basic Financial Statements - Continued
For the Year Ended June 30, 2024

Other Information (continued)

Proprietary Fund Rates - continued

Sewer Rates – Residential and Commercial

First 2,000 Gallons – Minimum	\$ 15.76
Over 2,000 Gallons	\$ 0.25 per 1,000 gallons

E. Subsequent Events

The City has evaluated the subsequent events through March 13, 2025, the date on which the financial statements were available to be issued and have determined that there are no additional needs to be added to the financial statements.

CITY OF HOBART, OKLAHOMA
 Budget Comparison Schedule of General Fund
 For the Year Ended June 30, 2024

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 930,242	\$ 930,242	\$ 930,242	\$ -
Resources (Inflows):				
TAXES:				
Sales Tax 3%	\$ 1,000,000	\$ 1,000,000	\$ 1,103,776	\$ 103,776
Use Tax	220,000	220,000	313,601	93,601
Cigarette Tax	10,750	10,750	9,203	(1,547)
Alcohol Beverage Tax	95,000	95,000	91,663	(3,337)
Gas Tax	5,800	5,800	5,939	139
Motor Vehicle Tax	25,500	25,500	22,038	(3,462)
Total Taxes	\$ 1,357,050	\$ 1,357,050	\$ 1,546,220	\$ 189,170
INTERGOVERNMENTAL:				
Reimbursed Revenue	\$ 46,000	\$ 46,000	\$ 29,660	\$ (16,340)
Fire Calls, Inspections & memberships	2,850	2,850	2,635	(215)
Rental Income	200	200	600	400
Total Intergovernmental	\$ 49,050	\$ 49,050	\$ 32,895	\$ (16,155)
FRANCHISE FEES:				
PSO	\$ 72,000	\$ 72,000	\$ 79,716	\$ 7,716
Cable	11,000	11,000	8,639	(2,361)
ONG	20,500	20,500	20,148	(352)
SW Bell	750	750	-	(750)
Total Franchise Fees	\$ 104,250	\$ 104,250	\$ 108,503	\$ 4,253
CHARGES FOR SERVICES:				
Swimming Pool	\$ 10,800	\$ 10,800	\$ 4,484	\$ (6,316)
Cemetery Revenues	4,500	4,500	4,025	(475)
Ambulance Fees	45,000	45,000	43,697	(1,303)
Dispatch Revenues	30,000	30,000	34,200	4,200
Other Charges	14,800	14,800	6,066	(8,734)
Total Charges for Services	\$ 105,100	\$ 105,100	\$ 92,472	\$ (12,628)
LICENSES AND PERMITS	\$ 11,750	\$ 11,750	\$ 10,721	\$ (1,029)
GRANTS	\$ -	\$ -	\$ -	\$ -
FINES:				
Police	\$ 45,000	\$ 45,000	\$ 45,007	\$ 7
Other Fines & Court Costs	600	600	494	(106)
Total Fines	\$ 45,600	\$ 45,600	\$ 45,501	\$ (99)
DONATIONS	\$ -	\$ -	\$ -	\$ -

(Continued on Next Page)

CITY OF HOBART, OKLAHOMA
 Budget Comparison Schedule of General Fund - Continued
 For the Year Ended June 30, 2024

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
INVESTMENT REVENUES	\$ 14,000	\$ 14,000	\$ 64,644	\$ 50,644
MISCELLANEOUS REVENUES	\$ 39,980	\$ 39,980	\$ 7,528	\$ (32,452)
TRANSFERS FROM OTHER FUNDS	270,000	270,000	60,583	(209,417)
TOTAL RESOURCES (INFLOWS)	\$ 1,996,780	\$ 1,996,780	\$ 1,969,067	\$ (27,713)
AMOUNT AVAILABLE TO APPROPRIATE	\$ 2,927,022	\$ 2,927,022	\$ 2,899,309	\$ (27,713)
APPROPRIATIONS (OUTFLOWS):				
CITY CLERK:				
Personnel services	\$ 98,936	\$ 98,936	\$ 97,260	\$ 1,676
Materials & Supplies	1,700	1,700	1,221	479
Others services & charges	5,235	5,235	3,616	1,619
Total City Clerk	\$ 105,871	\$ 105,871	\$ 102,097	\$ 3,774
CITY ATTORNEY/JUDGE:				
Personnel services	\$ 24,257	\$ 24,257	\$ 23,606	\$ 651
Materials & supplies	200	200	-	200
Other services & charges	650	650	378	272
Total City Attorney	\$ 25,107	\$ 25,107	\$ 23,984	\$ 1,123
GROUNDS:				
Personnel services	\$ 183,560	\$ 183,560	\$ 146,892	\$ 36,668
Materials & supplies	97,500	97,500	65,003	32,497
Other services & charges	97,490	97,490	84,633	12,857
Capital outlay	-	-	-	-
Total Groundskeeping	\$ 378,550	\$ 378,550	\$ 296,528	\$ 82,022
POLICE:				
Personnel services	\$ 653,021	\$ 653,021	\$ 632,882	\$ 20,139
Materials & supplies	47,700	47,700	46,869	831
Other services & charges	65,506	65,506	62,482	3,024
Capital Outlay	-	-	-	-
Total Police	\$ 766,227	\$ 766,227	\$ 742,233	\$ 23,994
MUNICIPAL COURT:				
Cleet & OSBI	\$ -	\$ -	\$ 6,791	\$ (6,791)
Total Municipal Court	\$ -	\$ -	\$ 6,791	\$ (6,791)

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CITY OF HOBART, OKLAHOMA
 Budget Comparison Schedule of General Fund - Continued
 For the Year Ended June 30, 2024

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
FIRE:				
Personnel services	\$ 286,134	\$ 286,134	\$ 281,795	\$ 4,339
Materials & supplies	16,800	16,800	9,512	7,288
Other services & charges	31,420	31,420	18,667	12,753
Capital Outlay	-	-	-	-
Total Fire	\$ 334,354	\$ 334,354	\$ 309,974	\$ 24,380
LIBRARY:				
Personnel services	\$ 82,163	\$ 82,163	\$ 79,499	\$ 2,664
Materials & supplies	3,200	3,200	1,652	1,548
Other services & charges	18,075	18,075	16,337	1,738
Total Library	\$ 103,438	\$ 103,438	\$ 97,488	\$ 5,950
GENERAL GOVERNMENT:				
Personnel services	\$ 14,533	\$ 14,533	\$ 6,769	\$ 7,764
Materials & supplies	11,425	11,425	12,427	(1,002)
Other services & charges	284,721	284,721	272,277	12,444
Capital Outlay	600	600	-	600
Total General Government	\$ 311,279	\$ 311,279	\$ 291,473	\$ 19,806
TRANSFERS TO OTHER FUNDS	\$ -	\$ -	\$ -	\$ -
TOTAL APPROPRIATIONS	\$ 2,024,826	\$ 2,024,826	\$ 1,870,568	\$ 154,258
ENDING BUDGETARY FUND BALANCE	\$ 902,196	\$ 902,196	\$ 1,028,741	\$ 126,545

CITY OF HOBART, OKLAHOMA
Combining Balance Sheet
Other Governmental Funds -Modified Cash Method
As of June 30, 2024

	TOTAL Other GOVERNMENT FUNDS										
	Library Cash Fund	911 Fund	Airport Fund	Employee Medical Fund	Cemetery Perpetual Fund	Cemetery Care Fund	Municipal Court Fund	Seed Money Fund	Beautification Committee	Grant Fund	
ASSETS:											
Cash & Cash Equivalents	\$ 75,165	\$ 4,323	\$ 185,939	\$ -	\$ 45,859	\$ 10,590	\$ 6,130	\$ 44,092	\$ 1	\$ 59,180	\$ 431,279
Investments	-	-	-	-	-	-	-	-	-	-	-
Restricted Cash & Equivalents	-	-	-	-	-	-	-	-	-	-	-
Deposits with insurance pool	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Capital Assets	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 75,165	\$ 4,323	\$ 185,939	\$ -	\$ 45,859	\$ 10,590	\$ 6,130	\$ 44,092	\$ 1	\$ 59,180	\$ 431,279
LIABILITIES AND NET POSITION:											
Liabilities:											
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Overdraawn Account			-	60,859							60,859
Due to others			-								-
TOTAL LIABILITIES	\$ -	\$ -	\$ -	\$ 60,859	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,859
Fund Balance:											
Restricted	\$ -	\$ 4,323	\$ -	\$ -	\$ 45,859	\$ 10,590	6,130			\$ 59,180	\$ 119,952
Committed	75,165			(60,859)							20,436
Assigned											-
Unassigned	-	-	185,939	-	-	-	-	44,092	1		230,032
TOTAL NET POSITION	\$ 75,165	\$ 4,323	\$ 185,939	\$ (60,859)	\$ 45,859	\$ 10,590	\$ 6,130	\$ 44,092	\$ 1	\$ 59,180	\$ 370,420
LIAB. AND NET POSITION	\$ 75,165	\$ 4,323	\$ 185,939	\$ -	\$ 45,859	\$ 10,590	\$ 6,130	\$ 44,092	\$ 1	\$ 59,180	\$ 431,279

CITY OF HOBART, OKLAHOMA

Combining Statement of Revenues, Expenditures, & Changes in Fund Balances Other Governmental Funds -Modified Cash Method

For the Year Ending June 30, 2024

	Library	911	Airport	Employee	Cemetery	Cemetery	Municipal	Seed	Beaut.	Grant	TOTAL
	Cash Fund	Fund		Medical	Perpetual	Care	Court	Money	Committee	Fund	OTHER
											GOVERNMENT
REVENUES:											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise Fees	-	55,826	-	-	-	-	-	-	-	-	55,826
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	157,086	-	-	575	4,868	-	-	-	162,529
Licenses and Permits	-	-	-	-	-	-	-	-	-	-	-
Capital and Operating Grants	7,466	-	377,124	-	-	-	-	-	-	129,976	514,566
Royalties	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-
Donations	2,508	-	-	-	-	260	-	5,998	-	4,168	12,934
Investment Revenues	-	-	-	-	-	242	-	-	-	-	242
Miscellaneous Revenues	-	3,660	8	-	-	-	-	-	-	3,556	7,224
TOTAL REVENUES	\$ 9,974	\$ 59,486	\$ 534,218	\$ -	\$ 502	\$ 575	\$ 4,868	\$ 5,998	\$ -	\$ 137,700	\$ 753,321
EXPENDITURES:											
General Government	\$ -	\$ -	\$ -	\$ 24,941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	24,941
Public Safety	-	12,373	-	-	-	-	3,851	-	-	57	16,281
Streets	-	-	-	-	-	-	-	-	-	-	-
Culture & Recreation	20,952	-	-	-	-	-	-	-	-	3,963	24,915
Health & Welfare	-	-	-	-	-	-	-	-	-	-	-
Airport	-	-	59,570	-	-	-	-	-	-	-	59,570
Capital Outlay	-	-	14,253	-	-	3,600	-	-	-	150,890	168,743
TOTAL EXPENDITURES	\$ 20,952	\$ 12,373	\$ 73,823	\$ 24,941	\$ -	\$ 3,600	\$ 3,851	\$ -	\$ -	\$ 154,910	\$ 294,450
EXCESS OF REVENUES	\$ (10,978)	\$ 47,113	\$ 460,395	\$ (24,941)	\$ 502	\$ (3,025)	\$ 1,017	\$ 5,998	\$ -	\$ (17,210)	\$ 458,871
OTHER SOURCES (USES):											
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000	10,000
Transfers Out	-	(46,000)	-	-	-	-	-	-	-	-	(46,000)
TOTAL OTHER	\$ -	\$ (46,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ (36,000)
NET CHANGES	\$ (10,978)	\$ 1,113	\$ 460,395	\$ (24,941)	\$ 502	\$ (3,025)	\$ 1,017	\$ 5,998	\$ -	\$ (7,210)	\$ 422,871
Fund Balances - Beginning	86,143	3,210	(274,456)	(35,918)	45,357	13,615	5,113	38,094	1	66,390	(52,451)
FUND BALANCES - ENDING	\$ 75,165	\$ 4,323	\$ 185,939	\$ (60,859)	\$ 45,859	\$ 10,590	\$ 6,130	\$ 44,092	\$ 1	\$ 59,180	\$ 370,420

CITY OF HOBART
Combining Statement of Net Position
Component Units Accounts -Modified Cash Method
As of June 30, 2024

	Component Units Accounts			
	HEDA	Education Facilities	Recreation	TOTAL
ASSETS:				
Cash & Equivelant	\$ 159,195	\$ 4,888	\$ 99,255	\$ 263,338
Investments	-	-	-	-
Restricted Cash	-	-	-	-
Deposits w/ insurance pool	-	-	-	-
Due from others	60,587	-	-	60,587
Capital Assets, net of depreciation	217,808	-	489,829	707,637
TOTAL ASSETS	\$ 437,590	\$ 4,888	\$ 589,084	\$ 1,031,562
LIABILITIES:				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Liability - due within one year	10,796	-	-	10,796
Liability - due over one year	80,996	-	-	80,996
TOTAL LIABILITIES	\$ 91,792	\$ -	\$ -	\$ 91,792
NET POSITION:				
Reserved for economic development	\$ 103,652	\$ -	\$ -	\$ 103,652
Reserved for capital assets, net of liab	126,016	-	489,829	615,845
Unreserved	116,130	4,888	99,255	220,273
TOTAL NET POSITION	\$ 345,798	\$ 4,888	\$ 589,084	\$ 939,770
TOTAL LIABILITIES & NET POSITION	\$ 437,590	\$ 4,888	\$ 589,084	\$ 1,031,562

CITY OF HOBART

Combing Statement of Revenues, Expenditures, and Fund Balance Component Units Accounts -Modified Cash Method For the Year Ending June 30, 2024

	Component Units Accounts			
	HEDA	Education Facilities	Recreation	TOTAL
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	49,027	-	82,929	131,956
Grants	-	-	-	-
Royalties	-	-	-	-
Investment receipts	793	-	-	793
Miscellaneous receipts	-	2,635	3,124	5,759
Donations	-	-	-	-
Sale of Assets	-	-	14,609	14,609
TOTAL REVENUES	\$ 49,820	\$ 2,635	\$ 100,662	\$ 153,117
EXPENDITURES:				
General Govt	\$ 2,000	\$ 1,000	\$ -	\$ 3,000
Public Safety	-	-	-	-
Culture & Recreation	-	-	62,208	62,208
Health & Welfare	-	-	-	-
Airport	-	-	-	-
Capital Outlay & Lease	-	-	-	-
Interest Expense	5,939	-	-	5,939
Depreciation Expense	14,242	-	48,090	62,332
	-	-	-	-
TOTAL EXPENDITURES	\$ 22,181	\$ 1,000	\$ 110,298	\$ 133,479
TRANSFERS:				
Transfers In	\$ -	\$ -	\$ 10,000	\$ 10,000
Transfers Out	-	-	-	-
TOTAL TRANSFERS	\$ -	\$ -	\$ 10,000	\$ 10,000
EXCESS RECEIPTS OR EXPEND.	\$ 27,639	\$ 1,635	\$ 364	\$ 29,638
FUND BALANCE - BEGINNING	318,159	3,253	588,720	910,132
FUND BALANCE - END	\$ 345,798	\$ 4,888	\$ 589,084	\$ 939,770

Scott Northrip

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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 City Council
City of Hobart, 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 accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hobart, Oklahoma, as of and for the year ended June 30, 2024, which collectively comprises the City's basic financial statements and have issued our report thereon dated March 13, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit, we considered City of Hobart, Oklahoma's internal control over financial reporting (internal control) to determine the auditing 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 our opinion on the effectiveness of 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report of Compliance and Internal Control over Financial Reporting - Continued

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Scott Northrip, CPA

Scott Northrip, CPA

March 13, 2025