

CITY OF HOBART, OKLAHOMA  
Annual Financial Statements and  
Independent Auditor's Report  
Fiscal Year June 30, 2023

# CITY OF HOBART, OKLAHOMA

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# Scott Northrip

*Certified Public Accountant  
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Hobart, Oklahoma 73651*

## **INDEPENDENT AUDITOR'S REPORT**

To the City Council  
City of Hobart, Oklahoma

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business type activities, 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, 2023, 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 governmental activities, the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the City of Hobart, Oklahoma, as of and for the year ended June 30, 2023, and the cash flows of its business-type activities for the year ended on the basis of accounting described in Note A2, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted the audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my 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 the audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibility of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 opinion. 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 GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 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 I identified during the audit.

### **Other Reporting Requirements by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2024, 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.

### **Other Matters and Information**

The accounting principles generally accepted in the United States of America require management's discussion and analysis and budgetary comparison information on pages 7, 11, 17, and 21 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 and individual nonmajor fund financial statements and the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hobart, Oklahoma's basic financial statements. The introductory section, combining and individual fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Scott Northrip, CPA*

Scott Northrip, CPA

June 5, 2024

# CITY OF HOBART, OKLAHOMA

## Management's Discussions and Analysis

### For the Year Ended June 30, 2023

#### **Executive Summary**

The management of the City of Hobart 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 of grants and contracts. The City reports its financial statement and schedules on a modified cash basis which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

#### **The Past Year**

For the year ended June 30, 2023, the following financial highlights are considered noteworthy by the management:

- The City's General Fund ended the year with an unrestricted fund balance of \$1,359,324 which represents 73.5% of annual General Fund revenues.
- The City had an increase during the fiscal year 2023 in cash and investments in the amount of \$500,366.
- Total sales tax revenue collections amounted to \$1,463,091 which is an increase from 2022 by \$96,569 and there was a sales tax revenue decrease of \$2,569 from the previous year. This translates into an increase in taxable sales of \$2,414,225.
- The City's business-type activities (PWA) increased its long-term debt by 34.1% or \$1,476,041 during the fiscal year 2023.
- The City invested \$2,528,195 in capital assets during the fiscal year 2023 with funds received through grants of \$353,648 for capital assets.

#### **The Upcoming Year**

- For the upcoming fiscal year ending June 30, 2024, the City's adopted budget is fairly consistent with the 2023 budget. The General Fund budget required the use of fund balance to balance the budget.

#### **Using This Annual Report**

This annual report is presented in a format that substantially meets the presentation requirements of the Government Accounting Standards Board (GASB) in accordance with generally accepted accounting principles as applicable to the modified cash basis of accounting. It represents a presentation that communicates the City's financial condition and changes therein at two distinct levels:

- **The City as a Whole** ( a government-wide presentation)
- **The City's Funds** ( a presentation of the City's governmental funds)

**CITY OF HOBART, OKLAHOMA**  
**Management's Discussions and Analysis – (Continued)**  
**For the Year Ended June 30, 2023**

**Using This Annual Report - Continued**

The City's various government-wide and fund financial statements are presented throughout this annual report and are accompanied by:

- **Management's Discussion and Analysis** – that provides useful analysis that facilitates a better understanding of the City's financial condition as well as highlights important information.
- **Footnotes** – that elaborate on the City's accounting principles used in the preparation of the financial statements and further explains financial statement elements and data.
- **Supplemental Schedules** – that provide additional information about specified elements of the financial statements, such as budgetary comparisons, capital assets, investments, and long-term debt.

**About the City**

The City of Hobart is an incorporated municipality with a population of approximately 2,700 people located in southwest Oklahoma and the county seat of Kiowa County. The City has adopted the Council/Manager form of government and operates under a home-rule charter that provides for three branches of government: Legislative, Executive, and Judicial.

The City provides typical municipal services such as public safety, street and alley maintenance, park and recreation, community development, and utility services including water, wastewater, and sanitation.

This annual report includes all activities for which the City Board is fiscally responsible. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government and another separate legal entity that is included as a component unit. The entities are:

- **The City of Hobart (General Funds)** – that operate the public safety, streets, health and welfare, culture and recreation, and administrative activities.
- **The Hobart Public Works Authority** – that operates the water, wastewater, and sanitation services of the City.
- **Hobart Economic Development Authority (component unit)** – that provides economic development within the City.
- **Hobart Recreation Authority (component unit)** – that provides recreation through a golf course and banquet facilities.

**Contacting City Management**

This report is designed to provide the City's citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the finances it receives. If you have any questions about this report or need additional information, please contact the City as follows: Office of City Clerk, 113 East 3<sup>rd</sup> Street, P.O. Box 231, Hobart, OK 73651-0231 or call (580)726-3100.



**CITY OF HOBART, OKLAHOMA**  
**Management's Discussions and Analysis –Government-Wide**  
**For the Year Ended June 30, 2023**

The Statement of Net Assets and the Statement of Activities and Fund Balance report information about the City as a whole and about its activities as of June 30 and for the year ending. The statements are prepared using the modified cash basis of accounting that is not in accordance with generally accepted accounting principles in the United States. The statements don't reflect activities that have not been appropriated and finances that have not been received as of the end of the fiscal year. The statements reflect the capital assets net of depreciation and depreciation expense rather than the cash method for the general fund.

**Level of Unrestricted Fund Balance**

As a result of the activities of fiscal year 2023, the unrestricted fund balance of the government-wide funds has increased by \$208,646. The percentage of unrestricted balance to revenues is 59.0%. The amount of unrestricted fund balance in the governmental funds increased by \$19,028, proprietary unrestricted fund balance increased by \$148,320, and component units increased by \$41,298.

**Net Changes in Net Position**

The Statement of Activities reflects a net increase in Net Position of \$738,193 for 2023.

**Direct Control Revenues**

The City of Hobart has a relatively high dependence on tax revenues like most small cities in Oklahoma. The City's percentage of tax revenues to total revenues was 32.8%. This does indicate a moderate level of exposure to financial difficulties due to the significant reliance on taxes. Fortunately, the current year saw an increase in the amount of taxes collected of \$130,016. Use tax recorded an increase of \$27,536, sales tax increased by \$96,569, alcohol beverage tax increased \$16,474 and Motor vehicle tax had a decrease of \$7,785.

**Net Changes in Cash and Investments**

The City had an increase during the fiscal year 2023 in cash and investments in the amount of \$500,366 or an increase of 10.8%. The City had an increase in its cash and investments of \$765,049 in the previous year.

**Employee Wages and Benefits**

The City paid wages of \$1,450,116 which was an increase of \$38,434 or 2.7% from the previous year. The City paid health insurance benefits of \$239,456, Social Security and Medicare tax of \$76,598, and retirement benefits of \$142,217 for a total of wages and benefits of \$1,908,388 to an average of 49 employees.

**CITY OF HOBART, OKLAHOMA**  
**Total Government Statement of Net Position-Modified Cash Method**  
As of June 30, 2023

	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>TOTAL</b>	<b>Component Units</b>
<b>ASSETS:</b>				
Cash & Cash Equivalents	\$ 1,755,960	\$ 866,709	\$ 2,622,669	\$ 221,959
Investments	897,286	897,286	1,794,572	-
Restricted Cash & Equivalents	-	-	-	-
Deposits	-	-	-	-
Due from others	2,002	-	2,002	60,966
Capital Assets:				
Construction in Progress	-	-	-	-
Loan Origination Fees - Net	-	4,513	4,513	-
Capital Assets, net of depreciation	4,279,146	9,842,493	14,121,639	728,188
<b>TOTAL ASSETS</b>	<b>\$ 6,934,394</b>	<b>\$11,611,001</b>	<b>\$18,545,395</b>	<b>\$ 1,011,113</b>
<b>LIABILITIES AND NET POSITION:</b>				
Liabilities:				
Draft Payables	\$ 310,374	\$ 142,991	\$ 453,365	\$ -
Due to Others	-	80,264	80,264	-
Long-term Liabilities and Leases:				
Due within one year	-	200,000	200,000	10,797
Due in more than one year	-	4,128,696	4,128,696	90,184
<b>TOTAL LIABILITIES</b>	<b>\$ 310,374</b>	<b>\$ 4,551,951</b>	<b>\$ 4,862,325</b>	<b>\$ 100,981</b>
Net Position:				
Restricted Fund Balance for:				
Reserved	\$ 128,572	\$ -	\$ 128,572	\$ -
Debt Service	-	-	-	-
Improvements & Economic Development	1,038,001	44	1,038,045	103,581
Other Government Funds	(407,064)	-	(407,064)	-
Invested in capital assets, net of debt	4,279,146	5,466,495	9,745,641	627,207
Unrestricted	1,585,365	1,592,511	3,177,876	179,344
<b>TOTAL NET POSITION</b>	<b>\$ 6,624,020</b>	<b>\$ 7,059,050</b>	<b>\$13,683,070</b>	<b>\$ 910,132</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 6,934,394</b>	<b>\$11,611,001</b>	<b>\$18,545,395</b>	<b>\$ 1,011,113</b>

See accompanying notes to the financial statements.

## CITY OF HOBART, OKLAHOMA

Total Governmental Statement of Activities-Modified Cash Method  
For the Year Ended June 30, 2023

	Governmental Funds	Proprietary Funds	TOTAL	Component Unit
<b>REVENUES:</b>				
Taxes	\$ 1,865,934	\$ -	\$ 1,865,934	\$ -
Franchise Fees	176,654	-	176,654	-
Intergovernmental	141,072	-	141,072	-
Charges for Services	161,525	2,579,268	2,740,793	135,863
Licenses and Permits	12,967	-	12,967	-
Capital & Operating Grants	353,648	-	353,648	-
Royalties	67,493	-	67,493	-
Fines	40,113	-	40,113	-
Donations	16,391	-	16,391	-
Investment Revenues	48,991	48,675	97,666	649
Miscellaneous Revenues	15,431	21,694	37,125	2,825
<b>TOTAL REVENUES</b>	<b>\$ 2,900,219</b>	<b>\$ 2,649,637</b>	<b>\$ 5,549,856</b>	<b>\$ 139,337</b>
<b>EXPENDITURES:</b>				
General Government	\$ 436,915	\$ 200,192	\$ 637,107	\$ 4,686
Public Safety	996,513	-	996,513	-
Culture & Recreation	445,352	133,209	578,561	59,395
Health & Welfare	273,632	288,715	562,347	-
Water & Sewer Operations	-	1,249,846	1,249,846	-
Interest Expense	-	2,426	2,426	7,344
Depreciation & Amortization	374,478	294,631	669,109	61,744
Airport	82,050	39,872	121,922	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,608,940</b>	<b>\$ 2,208,891</b>	<b>\$ 4,817,831</b>	<b>\$ 133,169</b>
<b>EXCESS REVENUES BEFORE TRANSFER</b>	<b>\$ 291,279</b>	<b>\$ 440,746</b>	<b>\$ 732,025</b>	<b>\$ 6,168</b>
<b>OTHER SOURCES (USES):</b>				
Transfers In	\$ 46,000	\$ 10,260	\$ 56,260	\$ -
Transfers Out	(56,260)	-	(56,260)	-
<b>TOTAL OTHER SOURCES (USES)</b>	<b>\$ (10,260)</b>	<b>\$ 10,260</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>	<b>\$ 281,019</b>	<b>\$ 451,006</b>	<b>\$ 732,025</b>	<b>\$ 6,168</b>

See accompanying notes to the financial statements.

**CITY OF HOBART, OKLAHOMA**  
**Footnotes to the Statements of Net Assets & Activities**  
**For the Year Ended June 30, 2023**

- A1. The City of Hobart, Oklahoma's financial reporting entity includes the primary government, and public works. Hobart Economic Development Authority, Hobart Industrial Development Authority, Hobart Recreation Authority and Hobart Education Facilities are the component units.
- A2. 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.

For business-type activities, Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied as they apply to the modified cash basis, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The City has implemented the accounting and financial reporting provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.

- A3. 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.
- A4. Investments consist of long-term certificates of deposit and are reported at cost.
- A5. Capital assets are reported when they result from cash transactions and are net of accumulated depreciation where applicable.
- A6. Long-term debt is reported when the debt arises from a cash transaction.
- A7. Fund balance or net assets are displayed in three components:
- a. *Invested in capital assets, net of related debt* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
  - b. *Restricted net assets* – consists of net assets with constraints placed on the use either by an external group such as creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.
  - c. *Unrestricted net assets* – all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**CITY OF HOBART, OKLAHOMA**  
**Footnotes to the Statements of Net Assets & Activities - Continued**  
**For the Year Ended June 30, 2023**

- A8. 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 ad valorem 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.
- A9. 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.
- A10. The evaluation of the subsequent events of the City have been evaluated through December 31, 2023.

**Management's Discussion and Analysis on the Governmental Funds:**

The fund financial statements provide detailed information about the City's most significant 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 certain taxes, grants, and other money. The City's governmental funds are reported under the modified-cash basis of accounting as described in footnote A2.

Total sales tax revenue collections amounted to \$1,463,091 which is an increase from 2022 of \$96,569 and there was a sales tax revenue decrease of \$2,569 in the previous year. This translates into a decrease in taxable sales of \$2,414,225.

The City's governmental funds revenues increased by \$119,411, which was attributed mainly to an increase of sales tax, use tax, grant revenues from Cares Act and insurance reimbursements.

The City's governmental funds capital assets increased by \$510,097 with a majority for vehicles, equipment, and building improvements. Depreciation amounted to \$374,478 for the year.

The cash and investments of the governmental funds increased by \$216,054 with the General Fund increasing by \$98,801, Ltd. Purpose increasing by \$156,374, and Other Government Funds decreasing by \$39,121.

The City expenses for the governmental funds excluding capital outlay increased by \$20,852. General government decreased \$69,851 public safety increased \$60,877, culture & recreation increased \$42,426, health & welfare increased \$16,054, and airport decreased \$28,654.

The City's governmental funds had an increase in unreserved fund balance of \$19,028.

The City's governmental funds disbursed \$10,260 more in transfers than received from other funds during 2023 while the General fund received \$46,000 in transfers from other funds.

**CITY OF HOBART, OKLAHOMA**  
 Governmental Funds Statement of Net Position-Modified Cash Method  
 As of June 30, 2023

	General	Ltd Purpose Hotel Tax & Sales Tax	Other Government Funds	TOTAL GOVERNMENT FUNDS
<b>ASSETS:</b>				
Cash & Cash Equivalents	\$ 462,038	\$ 1,038,001	\$ 255,921	\$ 1,755,960
Investments	897,286	-	-	897,286
Restricted Cash & Equivalents	-	-	-	-
Deposits	-	-	-	-
Due from other funds	-	-	2,002	2,002
<b>TOTAL ASSETS</b>	<b>\$ 1,359,324</b>	<b>\$ 1,038,001</b>	<b>\$ 257,923</b>	<b>\$ 2,655,248</b>
<b>LIABILITIES AND NET POSITION:</b>				
Liabilities:				
Negative Cash Balance	\$ -	\$ -	\$ 310,374	\$ 310,374
Due to others	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 310,374</b>	<b>\$ 310,374</b>
Net Position:				
Reserved Fund Balance for:				
Reserved	\$ -	\$ -	\$ 128,572	\$ 128,572
Fixed Assets & Economic Development	-	1,038,001	-	1,038,001
Other Government Funds	-	-	(407,064)	(407,064)
Unreserved Fund Balance	1,359,324	-	226,041	1,585,365
<b>TOTAL NET POSITION</b>	<b>\$ 1,359,324</b>	<b>\$ 1,038,001</b>	<b>\$ (52,451)</b>	<b>\$ 2,344,874</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,359,324</b>	<b>\$ 1,038,001</b>	<b>\$ 257,923</b>	<b>\$ 2,655,248</b>

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, 2023

	General	Ltd Purpose Hotel Tax & Sales Tax	Other Government Funds	TOTAL GOVERNMENT FUNDS
<b>REVENUES:</b>				
Taxes	\$ 1,497,707	\$ 368,227	\$ -	\$ 1,865,934
Franchise Fees	120,828	-	55,826	176,654
Intergovernmental	8,346	132,726	-	141,072
Charges for Services	108,271	-	53,254	161,525
Licenses and Permits	12,967	-	-	12,967
Capital & Operating Grants	-	303,913	49,735	353,648
Royalties & Wind Leases	-	67,493	-	67,493
Fines	40,113	-	-	40,113
Donations	-	-	16,391	16,391
Investment Revenues	48,675	39	277	48,991
Miscellaneous Revenues	11,663	120	3,648	15,431
<b>TOTAL REVENUES</b>	<b>\$ 1,848,570</b>	<b>\$ 872,518</b>	<b>\$ 179,131</b>	<b>\$ 2,900,219</b>
<b>EXPENDITURES:</b>				
General Government	\$ 392,338	\$ 6,500	\$ 38,077	\$ 436,915
Public Safety	978,507	-	18,006	996,513
Culture & Recreation	415,294	-	30,058	445,352
Health & Welfare	-	273,632	-	273,632
Airport	-	-	82,050	82,050
Capital Outlay	9,630	425,752	75,515	510,897
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,795,769</b>	<b>\$ 705,884</b>	<b>\$ 243,706</b>	<b>\$ 2,745,359</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>	<b>\$ 52,801</b>	<b>\$ 166,634</b>	<b>\$ (64,575)</b>	<b>\$ 154,860</b>
<b>OTHER SOURCES (USES):</b>				
Transfers In	\$ 46,000	\$ -	\$ -	\$ 46,000
Transfers Out	-	(10,260)	(46,000)	(56,260)
<b>TOTAL OTHER SOURCES (USES)</b>	<b>\$ 46,000</b>	<b>\$ (10,260)</b>	<b>\$ (46,000)</b>	<b>\$ (10,260)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>\$ 98,801</b>	<b>\$ 156,374</b>	<b>\$ (110,575)</b>	<b>\$ 144,600</b>
Fund Balances - Beginning	1,260,523	881,627	58,124	2,200,274
<b>FUND BALANCES - ENDING</b>	<b>\$ 1,359,324</b>	<b>\$ 1,038,001</b>	<b>\$ (52,451)</b>	<b>\$ 2,344,874</b>

See accompanying notes to the financial statements.

**CITY OF HOBART, OKLAHOMA**  
 Other Governmental Funds Statement of Net Position-Modified Cash Method  
 As of June 30, 2023

	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	GOVERNMENT FUNDS	TOTAL
Cash & Cash Equivalents	\$ 86,143	\$ 3,210	\$ -	\$ -	\$ 45,357	\$ 13,615	\$ 5,113	\$ 36,092	\$ -	\$ 1	\$ 66,390	\$ 255,921
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Restricted Cash & Equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Deposits with insurance pool	-	-	-	-	-	-	-	2,002	-	-	-	2,002
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Capital Assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 86,143</b>	<b>\$ 3,210</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45,357</b>	<b>\$ 13,615</b>	<b>\$ 5,113</b>	<b>\$ 38,094</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 66,390</b>	<b>\$ 257,923</b>

**LIABILITIES AND NET POSITION:**

Liabilities:												
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Overdrawn Account		\$ 274,456	\$ 35,918									\$ 310,374
Due to others												

**TOTAL LIABILITIES**

	\$ -	\$ -	\$ 274,456	\$ 35,918	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 310,374
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**Net Position:**

Reserved Fund Balance	\$ -	\$ 3,210	\$(371,146)	\$ (35,918)	\$ 45,357	\$ 13,615					\$ 66,390	\$ (278,492)
Unreserved Fund Balance	86,143	-	96,690	-	-	-	5,113	38,094	1		226,041	

**TOTAL NET POSITION**

	\$ 86,143	\$ 3,210	\$(274,456)	\$ (35,918)	\$ 45,357	\$ 13,615	\$ 5,113	\$ 38,094	\$ 1	\$ 66,390	\$ (52,451)
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**LIAB. AND NET POSITION**

	\$ 86,143	\$ 3,210	\$ -	\$ -	\$ 45,357	\$ 13,615	\$ 5,113	\$ 38,094	\$ 1	\$ 66,390	\$ 257,923
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# CITY OF HOBART, OKLAHOMA

## Other Governmental Funds Statement of Activities & Fund Balances--Modified Cash Method For the Year Ending June 30, 2023

	Library Cash Fund	911 Fund	Airport	Employee Medical	Cemetery Perpetual	Cemetery Care	Municipal Court	Seed Money	Beaut. Committee	Grant Fund	OTHER GOVERNMENT	TOTAL
<b>REVENUES:</b>												
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Franchise Fees	-	55,826	-	-	-	-	-	-	-	-	-	55,826
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	50,917	-	-	625	1,712	-	-	-	-	53,254
Licenses and Permits	-	-	-	-	-	-	-	-	-	-	-	-
Capital and Operating Grants	-	-	-	-	-	-	-	-	-	-	-	-
Royalties	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-	-	-	-	-
Investment Revenues	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Revenues	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 17,032</b>	<b>\$ 59,474</b>	<b>\$ 57,783</b>	<b>\$ -</b>	<b>\$ 337</b>	<b>\$ 625</b>	<b>\$ 1,712</b>	<b>\$ -</b>	<b>\$ 732</b>	<b>\$ 41,436</b>	<b>\$ 179,131</b>	<b>\$ 3,648</b>
<b>EXPENDITURES:</b>												
General Government	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	13,016	-	-	-	1,744	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	-	-	-	-
Culture & Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Health & Welfare	-	-	-	-	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 73,238</b>	<b>\$ 13,016</b>	<b>\$ 82,050</b>	<b>\$ 38,077</b>	<b>\$ -</b>	<b>\$ 3,450</b>	<b>\$ 1,744</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 32,131</b>	<b>\$ 243,706</b>	<b>\$ 26,255</b>
<b>EXCESS OF REVENUES</b>	<b>\$ (56,206)</b>	<b>\$ 46,458</b>	<b>\$ (24,267)</b>	<b>\$ (38,077)</b>	<b>\$ 337</b>	<b>\$ (2,825)</b>	<b>\$ (32)</b>	<b>\$ -</b>	<b>\$ 732</b>	<b>\$ 9,305</b>	<b>\$ (64,575)</b>	<b>\$ (46,000)</b>
<b>OTHER SOURCES (USES):</b>												
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL OTHER</b>	<b>\$ -</b>	<b>\$ (46,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (46,000)</b>
<b>NET CHANGES</b>	<b>\$ (56,206)</b>	<b>\$ 458</b>	<b>\$ (24,267)</b>	<b>\$ (38,077)</b>	<b>\$ 337</b>	<b>\$ (2,825)</b>	<b>\$ (32)</b>	<b>\$ -</b>	<b>\$ 732</b>	<b>\$ 9,305</b>	<b>\$ (110,575)</b>	<b>\$ (58,124)</b>
Fund Balances - Beginning	142,349	2,752	(250,189)	2,159	45,020	16,440	5,145	38,094	(731)	57,085	58,124	58,124
<b>FUND BALANCES - ENDING</b>	<b>\$ 86,143</b>	<b>\$ 3,210</b>	<b>\$ (274,456)</b>	<b>\$ (35,918)</b>	<b>\$ 45,357</b>	<b>\$ 13,615</b>	<b>\$ 5,113</b>	<b>\$ 38,094</b>	<b>\$ 1</b>	<b>\$ 66,390</b>	<b>\$ (52,451)</b>	<b>\$ (52,451)</b>

**CITY OF HOBART, OKLAHOMA**  
**Footnotes to Governmental Funds Financial Statements**  
**For the Year Ended June 30, 2023**

B1. 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.

B2. The governmental funds are reported on a modified cash basis of accounting, as described in footnote A2, 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.

B3. Sales tax revenues represents a four (4) cent local tax on each dollar of taxable sales within the City. Three (3) cents is deposited into the General Fund and one (1) cent is deposited into the Limited Purpose Sales Tax Fund. The sales tax in the Limited Purpose Sales Tax Fund is legally restricted at one-half a cent for solid waste, one-fourth for ambulance, and one-fourth for capital outlay.

B4. The City presently levies no property tax. In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters or to pay judgments rendered against the City.

B5. 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.

**CITY OF HOBART, OKLAHOMA**  
**Management's Discussions and Analysis –Proprietary Funds**  
**For the Year Ended June 30, 2023**

The proprietary funds consist primarily of the Utilities Authority, known as the Public Works Authority, generally receives funds through the services of providing the different utilities to the customers of the City. The proprietary funds are reported on the modified cash basis of accounting and an economic resources measurement focus. For example, the proprietary fund capital assets are capitalized and depreciated as well as principal payments on long-term debt are recorded as a reduction of the liability rather than as an expenditure.

For the year ended June 30, 2023, the proprietary funds reported operating income on a modified cash basis, before inter-fund transfers, interest, and depreciation, of \$737,803. The current annual note payments are \$517,045 which indicated an ability to make its payments from its revenues without inter-fund transfers. This indicates that in fiscal year 2023, the rates charged for utility services were sufficient to fund the combined costs of operation of all utilities without decreasing expenditures, however, some larger improvements are being made while additional loan proceeds of \$6,594,619 are available. The change in net position increased from 2022 by \$451,006 with net transfers from other funds of \$10,260.

The City's management intends for its revenue-pledged debt to be repaid by utility resources derived from utility rate changes. As a goal, City management desires to maintain net revenues from utility operations sufficient to meet the principal and interest payments on long-term debt by 1.25 times while 2023 shows net revenues before interest and depreciation of 1.42 times. This represents a debt service coverage that is above Oklahoma Water Resources Board's and management's desired minimum.

The City's proprietary funds increased its long-term debt by 34.1% during the year ending June 30, 2023 or an increase of \$1,476,042. There were new loan proceeds during the year of \$1,682,365 for water improvement projects and new trucks. Interest of \$308,295 on the new note was capitalized as part of the construction cost of the water improvement projects.

The operating and other revenues, excluding grants, of the proprietary fund increased by \$78,820 or 3.0%. Water sales increased by \$49,501 while sanitation revenues increased \$26,610 from the previous year. The amount collected from the Rocky Line Rehab fee amounted to \$337,507.

The cash and investments of the proprietary funds increased by \$241,010. Interest earned on the funds amounted to \$48,675.

The City's proprietary funds operating expenditures excluding depreciation increased by \$140,994.

The City's proprietary funds spent \$2,000,314 in capital assets during the year.

**CITY OF HOBART, OKLAHOMA**  
Proprietary Funds Statement of Net Position  
(Modified Cash Basis)  
As of June 30, 2023

**ASSETS:**

Current Assets:

Cash & Cash Equivalents	\$ 866,709
Investments	897,286
<b>Total Current Assets</b>	<b>\$ 1,763,995</b>

Noncurrent Assets:

Loan Origination Fees - Net	\$ 4,513
Construction In Progress	-
Capital Assets:	
Land	216,700
Other Capital Assets, net of depreciation	9,625,793
<b>Total Noncurrent Assets</b>	<b>\$ 9,847,006</b>

**TOTAL ASSETS** **\$ 11,611,001**

**LIABILITIES AND NET POSITION:**

Current Liabilities:

Draft Payables & Overdrawn Accounts	\$ 142,991
Due to depositors	80,264
Current portion of noncurrent liabilities	200,000
<b>Total Current Liabilities</b>	<b>\$ 423,255</b>

Noncurrent Liabilities:

Notes payable	\$ 4,328,696
Capital lease payable	-
Less: Current portion of noncurrent liabilities	(200,000)
<b>Total Noncurrent Liabilities</b>	<b>\$ 4,128,696</b>

**TOTAL LIABILITIES** **\$ 4,551,951**

Net Position:

Restricted Fund Balance for:	
Debt Service	\$ -
System Improvements	44
Invested in capital assets, net of debt	5,466,495
Unrestricted Fund Balance	1,592,511
	<b>\$ 7,059,050</b>

**TOTAL NET POSITION** **\$ 7,059,050**

**TOTAL LIABILITIES AND NET POSITION** **\$ 11,611,001**

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, 2023

<b>OPERATING REVENUES:</b>	
Water	\$ 1,473,955
Sewer	306,727
Sanitation	720,134
Connect, Reconnect & Transfer fees	33,322
Late fees	40,598
Reimbursements	4,532
Miscellaneous Revenues	<u>9,694</u>
<b>Total Operating Revenues</b>	<b><u>\$ 2,588,962</u></b>
<b>OPERATING EXPENSES:</b>	
Administration	\$ 200,192
Water & Sewer operations	1,249,846
Solid Waste	288,715
Recreation	133,209
Airport	39,872
Depreciation & Amortization	<u>294,631</u>
<b>Total Operating Expenses</b>	<b><u>\$ 2,206,465</u></b>
<b>OPERATING INCOME (LOSS)</b>	<b><u>\$ 382,497</u></b>
<b>OTHER REVENUES (EXPENSES):</b>	
Investment Revenues	\$ 48,675
Gain (Loss) on the Sale of Assets	-
Farm Rent	12,000
Interest Expense	<u>(2,426)</u>
<b>Total Other Revenues(Expenses)</b>	<b><u>\$ 58,249</u></b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b><u>\$ 440,746</u></b>
Transfers In	10,260
Transfers Out	<u>-</u>
<b>CHANGES IN NET POSITION</b>	<b><u>\$ 451,006</u></b>
Net Position - Beginning	<u>6,608,044</u>
<b>NET POSITION - ENDING</b>	<b><u><u>\$ 7,059,050</u></u></b>

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, 2023

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers	\$ 2,588,962
Payments to suppliers	(1,207,789)
Payments to employees & benefits	(684,399)
Miscellaneous Revenues	-
<b>Net Cash Provided by Operating Activities</b>	<b><u>\$ 696,774</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchase of capital assets	\$ (2,000,314)
Payments for loan origination fees	-
Proceeds from long term notes	1,682,365
Restricted cash used to pay on debt	-
Principal paid on debt	(206,324)
Interest paid on debt	(2,426)
<b>Net Cash Used In Capital &amp; Related Financing Activities</b>	<b><u>\$ (526,699)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Investment Revenues	\$ 48,675
Farm Rent	12,000
<b>Net Cash Provided from Investing Activities</b>	<b><u>\$ 60,675</u></b>
<b>CASH FLOWS FROM OTHER ACTIVITIES:</b>	
Transfers In	\$ 10,260
Transfers Out	-
<b>Net Cash Used in Other Activities</b>	<b><u>\$ 10,260</u></b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	
Cash Balance - Beginning	\$ 241,010
	<u>1,522,985</u>
<b>CASH BALANCE - ENDING</b>	
	<b><u>\$ 1,763,995</u></b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ 382,497
Adjustments to reconcile operating income to net cash provided (used) by Operating Activities:	
Depreciation expense	290,119
Amortized loan origination fees	4,512
Change in assets and liabilities:	
Draft Payable	19,646
Meter Deposits	-
<b>Net Cash Provided from Operating Activities</b>	<b><u>\$ 696,774</u></b>

**CITY OF HOBART, OKLAHOMA**  
**Footnotes to Proprietary Funds Financial Statements**  
**For the Year Ended June 30, 2023**

- C1. The proprietary funds are reported on a modified cash basis, as defined in footnote A2, and economic resources measurement focus. Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied as applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.
- C2. For the purpose of the cash flow statement, cash and cash equivalents includes all demand and savings accounts and sweep accounts.
- C3. 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.
- C4. 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	\$ 4,237,521	200,000	3.1%	6-15-41	505,772
Great Plains National Bank	<u>91,176</u>	<u>18,811</u>	4.5%	12-6-27	22,500
Total Long-term debt	<u>\$ 4,328,697</u>	<u>\$ 218,811</u>			

City received \$1,582,365 of proceeds and was used to pay off Bond Series – 2015 and 2017 of \$2,318,330. The note has \$6,594,619 of available proceeds for the water improvement project. Interest on the construction project of \$308,295 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 principle payments for the next four years are as follows:

<u>Year Ended</u>	<u>Note 2021</u>
2023	0
2024	0
2025	0
2026	0

**Management's Discussion and Analysis on the Budgetary Results:**

The General Fund reported actual budgetary basis revenues before transfers above final estimates by \$259,950 or a 14.1% positive variance. General Fund actual expenditures were less than final appropriations by \$87,378 or a 4.6% favorable variance excluding capital outlay. For the year ended June 30, 2023, budgetary fund balance increased by \$77,328 leaving a balance of \$930,242, or 49.4% of appropriations.

This represents a good level of reserves and above the 30% desired level by management.

**CITY OF HOBART, OKLAHOMA**  
 Budgetary Comparison Schedule of General Fund  
 For the Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance</b>	\$ 831,440	\$ 831,440	\$ 831,440	\$ -
<b>Resources (Inflows):</b>				
<b>TAXES:</b>				
Sales Tax 3%	\$ 980,000	\$ 980,000	\$ 1,094,864	\$ 114,864
Use Tax	175,000	175,000	246,939	71,939
Cigarette Tax	11,750	11,750	9,990	(1,760)
Alcohol Beverage Tax	90,000	90,000	113,014	23,014
Gas Tax	5,800	5,800	5,976	176
Motor Vehicle Tax	26,500	26,500	26,924	424
<b>Total Taxes</b>	<b>\$ 1,289,050</b>	<b>\$ 1,289,050</b>	<b>\$ 1,497,707</b>	<b>\$ 208,657</b>
<b>INTERGOVERNMENTAL:</b>				
Reimbursed Revenue	\$ 9,850	\$ 9,850	\$ 5,611	\$ (4,239)
Fire Calls, Inspections & memberships	3,600	3,600	2,535	(1,065)
Rental Income	200	200	200	-
<b>Total Intergovernmental</b>	<b>\$ 13,650</b>	<b>\$ 13,650</b>	<b>\$ 8,346</b>	<b>\$ (5,304)</b>
<b>FRANCHISE FEES:</b>				
PSO	\$ 66,000	\$ 66,000	\$ 84,298	\$ 18,298
Cable	11,000	11,000	10,288	(712)
ONG	17,000	17,000	25,347	8,347
SW Bell	750	750	895	145
<b>Total Franchise Fees</b>	<b>\$ 94,750</b>	<b>\$ 94,750</b>	<b>\$ 120,828</b>	<b>\$ 26,078</b>
<b>CHARGES FOR SERVICES:</b>				
Swimming Pool	\$ 10,800	\$ 10,800	\$ 8,374	\$ (2,426)
Cemetery Revenues	5,000	5,000	4,375	(625)
Ambulance Fees	45,000	45,000	44,236	(764)
Dispatch Revenues	30,000	30,000	34,200	4,200
Other Charges	14,800	14,800	17,086	2,286
<b>Total Charges for Services</b>	<b>\$ 105,600</b>	<b>\$ 105,600</b>	<b>\$ 108,271</b>	<b>\$ 2,671</b>
<b>LICENSES AND PERMITS</b>	<b>\$ 12,320</b>	<b>\$ 12,320</b>	<b>\$ 12,967</b>	<b>\$ 647</b>
<b>GRANTS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FINES:</b>				
Police	\$ 52,000	\$ 52,000	\$ 39,382	\$ (12,618)
Other Fines & Court Costs	750	750	731	(19)
<b>Total Fines</b>	<b>\$ 52,750</b>	<b>\$ 52,750</b>	<b>\$ 40,113</b>	<b>\$ (12,637)</b>
<b>DONATIONS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(Continued on Next Page)



**CITY OF HOBART, OKLAHOMA**  
 Budgetary Comparison Schedule of General Fund - Continued  
 For the Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>INVESTMENT REVENUES</b>	\$ 10,000	\$ 10,000	\$ 48,675	\$ 38,675
<b>MISCELLANEOUS REVENUES</b>	\$ 10,500	\$ 10,500	\$ 11,663	\$ 1,163
<b>TRANSFERS FROM OTHER FUNDS</b>	316,000	316,000	46,000	(270,000)
<b>TOTAL RESOURCES (INFLOWS)</b>	<b>\$ 1,904,620</b>	<b>\$ 1,904,620</b>	<b>\$ 1,894,570</b>	<b>\$ (10,050)</b>
<b>AMOUNT AVAILABLE TO APPROPRIATE</b>	<b>\$ 2,736,060</b>	<b>\$ 2,736,060</b>	<b>\$ 2,726,010</b>	<b>\$ (10,050)</b>
<b>APPROPRIATIONS (OUTFLOWS):</b>				
<b>CITY CLERK:</b>				
Personnel services	\$ 96,238	\$ 96,238	\$ 94,547	\$ 1,691
Materials & Supplies	1,500	1,500	1,374	126
Others services & charges	5,835	5,835	4,470	1,365
<b>Total City Clerk</b>	<b>\$ 103,573</b>	<b>\$ 103,573</b>	<b>\$ 100,391</b>	<b>\$ 3,182</b>
<b>CITY ATTORNEY/JUDGE:</b>				
Personnel services	\$ 24,161	\$ 24,161	\$ 24,104	\$ 57
Materials & supplies	200	200	84	116
Other services & charges	650	650	55	595
<b>Total City Attorney</b>	<b>\$ 25,011</b>	<b>\$ 25,011</b>	<b>\$ 24,243</b>	<b>\$ 768</b>
<b>GROUNDS:</b>				
Personnel services	\$ 187,247	\$ 187,247	\$ 169,168	\$ 18,079
Materials & supplies	82,850	82,850	67,926	14,924
Other services & charges	86,315	86,315	84,954	1,361
Capital outlay	-	-	-	-
<b>Total Groundskeeping</b>	<b>\$ 356,412</b>	<b>\$ 356,412</b>	<b>\$ 322,048</b>	<b>\$ 34,364</b>
<b>POLICE:</b>				
Personnel services	\$ 566,536	\$ 566,536	\$ 582,694	\$ (16,158)
Materials & supplies	45,200	45,200	31,230	13,970
Other services & charges	65,350	65,350	62,118	3,232
Capital Outlay	-	-	9,630	(9,630)
<b>Total Police</b>	<b>\$ 677,086</b>	<b>\$ 677,086</b>	<b>\$ 685,672</b>	<b>\$ (8,586)</b>
<b>MUNICIPAL COURT:</b>				
Cleet & OSBI	\$ -	\$ -	\$ 5,981	\$ (5,981)
<b>Total Municipal Court</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,981</b>	<b>\$ (5,981)</b>

(Continued on Next Page)

**CITY OF HOBART, OKLAHOMA**  
 Budgetary Comparison Schedule of General Fund - Continued  
 For the Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>FIRE:</b>				
Personnel services	\$ 272,376	\$ 272,376	\$ 266,136	\$ 6,240
Materials & supplies	16,800	16,800	8,107	8,693
Other services & charges	29,120	29,120	22,242	6,878
Capital Outlay	-	-	-	-
<b>Total Fire</b>	<b>\$ 318,296</b>	<b>\$ 318,296</b>	<b>\$ 296,485</b>	<b>\$ 21,811</b>
<b>LIBRARY:</b>				
Personnel services	\$ 77,620	\$ 77,620	\$ 75,722	\$ 1,898
Materials & supplies	3,200	3,200	1,883	1,317
Other services & charges	14,875	14,875	15,641	(766)
<b>Total Library</b>	<b>\$ 95,695</b>	<b>\$ 95,695</b>	<b>\$ 93,246</b>	<b>\$ 2,449</b>
<b>GENERAL GOVERNMENT:</b>				
Personnel services	\$ 14,533	\$ 14,533	\$ 11,618	\$ 2,915
Materials & supplies	11,425	11,425	10,119	1,306
Other services & charges	280,465	280,465	245,965	34,500
Capital Outlay	650	650	-	650
<b>Total General Government</b>	<b>\$ 307,073</b>	<b>\$ 307,073</b>	<b>\$ 267,702</b>	<b>\$ 39,371</b>
<b>TRANSFERS TO OTHER FUNDS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 1,883,146</b>	<b>\$ 1,883,146</b>	<b>\$ 1,795,768</b>	<b>\$ 87,378</b>
<b>ENDING BUDGETARY FUND BALANCE</b>	<b>\$ 852,914</b>	<b>\$ 852,914</b>	<b>\$ 930,242</b>	<b>\$ 77,328</b>

**Footnotes to Budgetary Comparison:**

- D1. The budgetary comparison schedule is reported on the same modified cash basis as governmental funds within the basic financial statements.
- D2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require Mayor's approval, while supplemental appropriations require Council approval.

**CITY OF HOBART, OKLAHOMA**  
**Schedule of Deposits and Investments**  
**For the Year Ended June 30, 2023**

**Managements Discussions and Analysis on Deposits and Investment Risk:**

For the year ended June 30, 2023, the City recognized \$98,315 of investment income. Due to the rates of return on allowable investments in the current environment, all of the City's deposits are in demand deposits, sweep accounts, CDars, and certificates of deposit. The investment income increased by \$75,441 from the previous year's income or 76.7%.

The City's 2023 total cash and investment balances of \$4,639,200 have increased during the year by \$500,366 or 10.8%.

**Schedule of Deposits and Investments:**

Demand Deposits	\$ 4,638,185
Cash on Hand	<u>1,015</u>
Total	<u>\$ 4,639,200</u>

**Reconciliation to Statement of Net Position:**

Governmental Funds	\$ 2,653,246
Proprietary Funds	1,763,995
Component Units	<u>221,959</u>
Total	<u>\$ 4,639,200</u>

**Footnotes to Schedule of Deposits and Investments:**

- E1. *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.
- E2. *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.

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

**CITY OF HOBART, OKLAHOMA**  
**Management's Discussions and Analysis – Capital Assets**  
**For the Year Ended June 30, 2023**

During the year ended June 30, 2023, the City purchased capital assets of \$510,897 through the Governmental Funds and \$2,000,314 through the Proprietary Funds. The City's component units, Hobart Recreation Authority purchased assets in the amount of \$17,784 and Hobart Economic Development Authority purchased none. The City received grant funds of \$353,648 to offset the cost of the assets. The City borrowed \$1,682,365 funds for the purchase of capital assets but paid the remaining through reserves and current revenues.

As of June 30, 2023, the City owned approximately \$43.9 million of capital assets with accumulated depreciation on the depreciable capital assets totaling approximately \$29.1 million. This indicates that, on the average, these City capital assets have approximately 33.8% of their depreciable useful life remaining.

Total combined depreciation for the year ending June 30, 2023 amounted to \$730,853.

**CITY OF HOBART**  
**SCHEDULE OF CAPITAL ASSETS:**

**PROPRIETARY FUND ASSETS:**

For the Year 6/30/2023	Balance 7/1/2022	Additions	Deletions	Balance 6-30-2023
Land	\$ 216,700.00	\$ -	\$ -	\$ 216,700.00
Building	420,671.00	-	-	420,671.00
Machinery & Equipment	684,503.64	2,249.50	-	686,753.14
Vehicles	170,364.00	-	-	170,364.00
Utility System	26,500,681.74	1,998,064.49	-	28,498,746.23
Infrastructure	446,698.38	-	-	446,698.38
<b>TOTAL</b>	<b>\$ 28,439,618.76</b>	<b>\$ 2,000,313.99</b>	<b>\$ -</b>	<b>\$ 30,439,932.75</b>
-				
<b>ACCUMULATED DEPRECIATION:</b>				
Building	\$ 317,670.91	\$ 6,257.74	\$ -	\$ 323,928.65
Machinery & Equipment	595,567.39	16,921.78	-	612,489.17
Vehicles	144,279.00	6,830.00	-	151,109.00
Utility System	18,964,412.75	245,220.01	-	19,209,632.76
Infrastructure	285,390.53	14,889.94	-	300,280.47
<b>TOTAL ACCUM. DEP.</b>	<b>\$ 20,307,320.58</b>	<b>\$ 290,119.47</b>	<b>\$ -</b>	<b>\$ 20,597,440.05</b>
<b>NET FIXED ASSETS</b>	<b>\$ 8,132,298.18</b>	<b>\$ 1,710,194.52</b>	<b>\$ -</b>	<b>\$ 9,842,492.70</b>

**HOBART ECONOMIC DEVELOP AUTHORITY:**

	Beginning Balance	Additions	Deletions	Ending Balance
Buildings	\$ 459,700.70	\$ -	\$ -	\$ 459,700.70
Accumulated Depreciation	213,408.46	14,242.09	-	227,650.55
<b>NET FIXED ASSETS FOR HEDA</b>	<b>\$ 246,292.24</b>	<b>\$ (14,242.09)</b>	<b>\$ -</b>	<b>\$ 232,050.15</b>

**HOBART RECREATION AUTHORITY:**

	Beginning Balance	Additions	Deletions	Ending Balance
Buildings	490,950.00	-	-	490,950.00
Machinery & Equipment	284,725.14	17,784.00	-	302,509.14
Land & Improvements	239,389.28	-	-	239,389.28
<b>TOTAL</b>	<b>\$ 1,015,064.42</b>	<b>\$ 17,784.00</b>	<b>\$ -</b>	<b>\$ 1,032,848.42</b>
<b>ACCUMULATED DEPRECIATION:</b>				
Buildings	215,556.66	16,927.66	-	232,484.32
Machinery & Equipment	203,484.79	25,054.89	-	228,539.68
Land & Improvements	70,166.80	5,519.29	-	75,686.09
<b>TOTAL ACCUM. DEPRECIATION</b>	<b>\$ 489,208.25</b>	<b>\$ 47,501.84</b>	<b>\$ -</b>	<b>\$ 536,710.09</b>
<b>NET FIXED ASSETS - RECREATION</b>	<b>\$ 525,856.17</b>	<b>\$ (29,717.84)</b>	<b>\$ -</b>	<b>\$ 496,138.33</b>

**CITY OF HOBART**  
**SCHEDULE OF CAPITAL ASSETS:**

**GENERAL FIXED ASSET GROUP:**

For the Year 6/30/2023	Balance 7/1/2022	Additions	Deletions	Balance 6-30-2023
Land & Improvements	\$ 1,865,956.45	\$ -	\$ -	\$ 1,865,956.45
Building	3,039,989.65	60,260.00	-	3,100,249.65
Machinery & Equipment	2,059,117.43	183,879.57	-	2,242,997.00
Vehicles	1,296,756.53	265,957.50	(81,586.49)	1,481,127.54
Infrastructure	3,305,261.72	-	-	3,305,261.72
				-
<b>TOTAL</b>	<b>\$ 11,567,081.78</b>	<b>\$ 510,097.07</b>	<b>\$ (81,586.49)</b>	<b>\$ 11,995,592.36</b>
				-
<b>ACCUMULATED DEPRECIATION:</b>				-
Land Improvements	\$ 1,271,980.82	\$ 12,961.46	\$ -	\$ 1,284,942.28
Building	1,892,380.45	111,066.45	-	2,003,446.90
Machinery & Equipment	1,653,979.02	85,824.31	-	1,739,803.33
Vehicles	1,287,037.83	37,157.74	(81,586.49)	1,242,609.08
Infrastructure	1,318,177.09	127,468.15	-	1,445,645.24
				-
<b>TOTAL ACCUM. DEP.</b>	<b>\$ 7,423,555.21</b>	<b>\$ 374,478.11</b>	<b>\$ (81,586.49)</b>	<b>\$ 7,716,446.83</b>
				-
<b>NET FIXED ASSETS</b>	<b>\$ 4,143,526.57</b>	<b>\$ 135,618.96</b>	<b>\$ -</b>	<b>\$ 4,279,145.53</b>

**Footnotes to the Schedule of Capital Assets:**

F1. Capital assets are reported at actual or estimated historical cost at the time of the cash transaction. Estimated historical cost was used to value the majority of the assets acquired prior to July 1, 1996. Prior to July 1, 2003, governmental funds' infrastructure assets, such as streets, drainage systems, and traffic signal systems were not being capitalized. Infrastructure assets acquired since July 1, 2003 are recorded at cost.

F2. 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

**CITY OF HOBART, OKLAHOMA**  
**Management’s Discussions and Analysis – Pension Plans**  
**For the Year Ended June 30, 2023**

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>
2021	38,128	26,502	66,042
2022	41,526	29,124	64,430
2023	47,069	27,562	67,586

**Footnotes to Schedule of Retirement Plan Contributions:**

G1. 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.

G2. 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. 63<sup>rd</sup> Street, Oklahoma City, OK 73116-7335.

G3. 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**  
**Management's Discussions and Analysis – Federal and State Awards**  
**For the Year Ended June 30, 2023**

The City of Hobart participated in various federal and state grant programs during the year ending June 30, 2023. The grant programs are often subject to additional audits by agents of the granting programs which is to ensure compliance with the specific conditions of the program. The City has not been notified of any noncompliance with any of the federal or state award requirements.

The City received \$353,648 in federal and state awards in the year ending June 30, 2023. This represents 6.2% of the City's total revenues for the fiscal year.



**CITY OF HOBART, OKLAHOMA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL & STATE AWARDS**  
For the Year Ending June 30, 2023

Federal/State Grantor/Pass thru Agency Grantor/Program Title	Federal CFDA Number	Pass thru Grant Number	Award Amount	Receipts	Expenditures
<b>FEDERAL AWARDS:</b>					
U.S. Treasury Department: CARES Act			\$ -	\$ 303,913	\$ 303,913
U.S. Dept. of Transportation: FAA Airport Improvement Program	20.106		\$ -	\$ 6,866	\$ 6,866
<b>TOTAL FEDERAL FUNDS</b>			<b>\$ -</b>	<b>\$ 310,779</b>	<b>\$ 310,779</b>
<b>STATE AWARDS:</b>					
Oklahoma Dept. of Library: Library Books & Materials	N/A		\$ 11,504	\$ 11,504	\$ 11,504
SWODA: Fire Equipment	N/A		\$ 21,312	\$ 21,312	\$ 21,312
Oklahoma Dept. of Agriculture: Forestry Grant	N/A		\$ 10,053	\$ 10,053	\$ 10,053
<b>TOTAL STATE AWARDS</b>			<b>\$ 42,869</b>	<b>\$ 42,869</b>	<b>\$ 42,869</b>

**Notes to Schedule of Expenditures of Federal & State Awards:**

**H1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Hobart, OK under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Hobart, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Hobart, OK.

**H2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

# CITY OF HOBART

## Component Units Statement of Net Position-Modified Cash Method As of June 30, 2023

<b>ASSETS:</b>	<b>HEDA</b>	<b>Education Facilities</b>	<b>Recreation</b>	<b>TOTAL</b>
Cash & Equivelant	\$ 126,124	\$ 3,253	\$ 92,582	\$ 221,959
Investments	-	-	-	-
Restricted Cash	-	-	-	-
Deposits w/ insurance pool	-	-	-	-
Due from others	60,966	-	-	60,966
Capital Assets, net of depreciation	232,050	-	496,138	728,188
<b>TOTAL ASSETS</b>	<b>\$ 419,140</b>	<b>\$ 3,253</b>	<b>\$ 588,720</b>	<b>\$ 1,011,113</b>
<b>LIABILITIES:</b>				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Liability - due within one year	10,797	-	-	10,797
Liability - due over one year	90,184	-	-	90,184
<b>TOTAL LIABILITIES</b>	<b>\$ 100,981</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 100,981</b>
<b>NET POSITION:</b>				
Reserved for economic development	\$ 103,581	\$ -	\$ -	\$ 103,581
Reserved for capital assets, net of liab	131,069	-	496,138	627,207
Unreserved	83,509	3,253	92,582	179,344
<b>TOTAL NET POSITION</b>	<b>\$ 318,159</b>	<b>\$ 3,253</b>	<b>\$ 588,720</b>	<b>\$ 910,132</b>
<b>TOTAL LIABILITIES &amp; NET POSITION</b>	<b>\$ 419,140</b>	<b>\$ 3,253</b>	<b>\$ 588,720</b>	<b>\$ 1,011,113</b>

# CITY OF HOBART

## Component Units Statement of Activities-Modified Cash Method For the Year Ending June 30, 2023

	HEDA	Education Facilities	Recreation	TOTAL
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	48,720	-	87,143	135,863
Grants	-	-	-	-
Royalties	-	-	-	-
Investment receipts	649	-	-	649
Miscellaneous receipts	-	262	2,563	2,825
Donations	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 49,369</b>	<b>\$ 262</b>	<b>\$ 89,706</b>	<b>\$ 139,337</b>
<b>EXPENDITURES:</b>				
General Govt	\$ 3,686	\$ 1,000	\$ -	\$ 4,686
Public Safety	-	-	-	-
Culture & Recreation	-	-	59,395	59,395
Health & Welfare	-	-	-	-
Airport	-	-	-	-
Capital Outlay & Lease	-	-	-	-
Interest Expense	7,344	-	-	7,344
Depreciation Expense	14,242	-	47,502	61,744
<b>TOTAL EXPENDITURES</b>	<b>\$ 25,272</b>	<b>\$ 1,000</b>	<b>\$ 106,897</b>	<b>\$ 133,169</b>
<b>TRANSFERS:</b>				
Transfers In	\$ -	\$ -	\$ -	\$ -
Transfers Out	-	-	-	-
<b>TOTAL TRANSFERS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EXCESS RECEIPTS OR EXPEND.</b>	<b>\$ 24,097</b>	<b>\$ (738)</b>	<b>\$ (17,191)</b>	<b>\$ 6,168</b>
FUND BALANCE - BEGINNING	294,062	3,991	605,911	903,964
<b>FUND BALANCE - END</b>	<b>\$ 318,159</b>	<b>\$ 3,253</b>	<b>\$ 588,720</b>	<b>\$ 910,132</b>

**CITY OF HOBART, OKLAHOMA**  
**Footnotes to Component Units Financial Statements**  
**For the Year Ended June 30, 2023**

11. The component units of the City consist of the Hobart Economic Development Authority (HEDA), the Hobart Recreation Authority, and the Education Facilities Authority. The component units are business-type activities that report on a modified cash basis, as defined in footnote A2, and economic resources measurement focus. Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied as applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

12. Long-term debt of the component unit HEDA consisted of the following:

	<u>Balance</u>	<u>Current Portion</u>	<u>Interest Rate</u>
Notes Payable – Great Plains Nat'l	<u>100,981</u>	<u>10,797</u>	6.0%
Total Long-term debt	<u>\$ 100,981</u>	<u>\$ 10,797</u>	

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

<u>Year Ended</u>	<u>Note</u>
2025	11,393
2026	12,037
2027	12,717
2028	13,436

**Management's Discussion and Analysis on the Component Units:**

The total component units' cash and equivalents increased during the year in the amount of \$43,302 or 19.5%.

The amount due from others decreased \$1,855 or 3.0%.

The total revenues of the component units increased by \$104 or 0.1%.

The total expenditures excluding depreciation of the component units decreased by \$3,806 or 5.3%.

The capital assets for the component units increased by \$17,784.

The unreserved fund balance increased by \$41,298 during the year.

The debt of the component units decreased by \$8,681 during the year.

**CITY OF HOBART, OKLAHOMA**  
**Management's Discussions and Analysis – Internal Control and Compliance**  
**For the Year Ended June 30, 2023**

Management of the City is responsible for maintaining appropriate internal controls over financial reporting, to safeguard City assets and resources, to prevent and detect fraud, and for complying with applicable laws, regulations, and provisions of grants and contracts. As a part of the City's financial statement audit, the external auditor performed limited work in understanding the City's internal controls and testing compliance with certain financial-related requirements. The auditor's report on internal controls and compliance for the fiscal year ended June 30, 2023, follows along with the findings and recommendations made by the auditors. Management's response to any recommendation and planned corrective action are also included if any are required.

Management did make changes to the policies in the personnel handling cash, location of cash, personnel taking the deposits to the bank, and management reconciling bank statements.

# Scott Northrip

*Certified Public Accountant  
P.O. Box 642, 311 S. Main St.  
Hobart, Oklahoma 73651*

## **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 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 City of Hobart, Oklahoma, as of and for the year ended June 30, 2023, which collectively comprises the City's basic financial statements and have issued our report thereon dated June 5, 2024.

### **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 of Hobart, Oklahoma'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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Report of Compliance and Internal Control over Financial Reporting - Continued

**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 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*.

However, we noted certain matters that we reported to management of the City of Hobart, in a separate letter dated June 24, 2024.

**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

June 5, 2024