

**TOWN OF SALINA, OKLAHOMA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**HOOD & ASSOCIATES CPA'S, PC**

**CERTIFIED PUBLIC ACCOUNTANTS**

**TULSA, OKLAHOMA**

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JUNE 30, 2023**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Town of Salina, Oklahoma

### **Report on 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 Town of Salina, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Salina 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, each major fund, and the aggregate remaining fund information of the Town of Salina, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 Town of Salina, Oklahoma 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 opinion.

#### **Responsibilities 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 Town of Salina, Oklahoma's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted auditing standards and Government 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, including

omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents 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.

### **Other Information**

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated February 24, 2025, on our consideration of the Town of Salina, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Salina, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Salina's internal control over financial reporting and compliance.

*Hood and Associates CPAs PC*

Tulsa, Oklahoma  
February 24, 2025

**TOWN OF SALINA, OKLAHOMA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(UNAUDITED)**  
**JUNE 30, 2023**

The discussion and analysis of the Town of Salina's financial performance provides an overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the accompanying basic financial statements. This discussion includes the Salina Public Works Authority, a component unit of the Town.

**WHO WE ARE**

As of June 30, 2023, the mayor, council members, clerk and treasurer, all of whom are elected, consisted of the following:

Mayor	Randall Plumlee
Council Members	Patrick Weston Jim Hoag Shayne Smith Yulonda Cooper
Clerk/Treasurer	Katy Hanna

The governing board and Clerk/Treasurer for the Salina Public Works Authority are the same as the Town.

**FINANCIAL HIGHLIGHTS**

- The total assets of the Town for its governmental and business-type activities exceeded its liabilities as of June 30, 2023 by \$7,845,346 as reflected in Statement 1 and Table 1 in this discussion. This compares to \$6,619,131 at June 30, 2022. This excess is summarized as follows:

	<u>6/30/23</u>	<u>6/30/22</u>
Invested in capital assets, net of related debt	\$ 6,108,299	\$ 5,036,160
Restricted for debt service	111,700	53,742
Restricted for capital improvements	469,184	202,419
Restricted for specific purposes	946,798	858,109
Unrestricted	<u>209,365</u>	<u>468,701</u>
	<u>\$7,845,346</u>	<u>\$6,619,131</u>

The Town's net position for governmental funds increased \$1,226,215 during the current fiscal year. The main reason for the increase was PWA debt forgiveness from the Oklahoma Water Resource Board.

- The Town's General Fund balance as reflected in the "Statement of Revenues, Expenditures, and Changes in Fund Balances" (Statement 4) increased \$56,117, due to an increase in General Fund total revenues.
- All other governmental funds of the Town increased \$88,690 during the current fiscal year compared to a \$247,245 increase in the prior year. (Statement 4). The County Fire Fund increased by \$53,633 and the Police Fund decreased by \$29,137.
- The net position of the Authority increased \$1,044,905 from \$4,474,674 to \$5,519,579, a 23.35% increase. The main reason for the increase was the debt forgiveness of \$1,000,000 related to plant upgrades. The Restricted for Capital Improvements and the Unrestricted, both of which may be expended for current operations and debt retirement collectively, decreased from \$440,560 to \$374,202, a decrease of \$66,358.

## OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the Town's basic financial statements. In accordance with Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Managements' Discussion and Analysis - for State and Local Governments," ("GASB 34"), the Town's basic financial statements include three components: government-wide financial statements; fund financial statements; and notes to the basic financial statements. The major features of these financial statements are summarized as follows:

	<b><u>Government-wide Statements</u></b>	<b><u>Governmental Funds</u></b>	<b><u>Proprietary Funds</u></b>
Scope	Entire Town government and the Town's component units	The activities of the Town that are not proprietary, such as police, fire, library, streets, etc.	Activities of the Salina Public Works Authority consisting of water, sewer and trash services
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow	All revenues and expenses during year, regardless of	Revenues for which cash is received during or soon	All revenues and expenses during year, regardless of

	<b><u>Government-wide Statements</u></b>	<b><u>Governmental Funds</u></b>	<b><u>Proprietary Funds</u></b>
Type of inflow/ outflow	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to statements of a private-sector business.

The *statement of net position* presents information on all the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include public safety activities, streets, cemetery, library and parks activities and general government activities. The business-type activities of the Town include certain utilities.

A component unit is included in the basic financial statements and consists of a legally separate entity for which the Town is financially accountable and that has the same governing board as the Town. This blended component unit is the Salina Public Works Authority. The County Wide Fire Department Fund is also blended into the financial statements.

The government-wide financial statements can be found on Statements 1 and 2 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Town, excluding the Salina Public Works Authority, are governmental funds.



***Governmental funds.*** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures and changes in fund balance provide a reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 6 individual governmental funds for financial reporting purposes in addition to the Countywide Fire Department Fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General and Fire Sales Tax Fund, which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the non major funds supplementary section of this report.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund in the basic financial statements.

The governmental funds financial statements can be found on Statements 3 and 4 of this report.

***Proprietary funds.*** Proprietary funds provide the same type of information as the government-wide financial statements but in more detail. The proprietary fund financial statements provide information for the Salina Public Works Authority. The proprietary fund financial statements can be found at Statements 5, 6, and 7 of this report.

***Notes to the basic financial statements.*** The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 24 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town and its component units, assets exceeded liabilities by \$7,845,346 at the close of the current fiscal year, up \$1,226,215 from the previous year. This increase was due to an increase in non-operating revenues. Restricted net position increased by \$413,412 and unrestricted decreased by \$259,335. As shown on Table 1, the largest portion of

the Town's net position, \$6,108,299 reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The Town and its component unit uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate liabilities.

Included in Restricted Net position is \$580,889 that is reserved to repay the debt on capital assets and to acquire capital assets compared to \$256,161 in the prior year. The remainder of restricted assets of \$946,798 are funds required to be expended for specific purposes such as streets, fire and police.

Included in current assets for Governmental Activities is \$733,671 of cash and \$448,378 on deposit with Mayes County. Such cash is up \$144,313.

At the end of the fiscal year ended June 30, 2023, The Town reported positive balances in all three categories of net position, both for the Town as a whole, as well as for its separate governmental activities. Business-type activities, however, reported a negative balance in the unrestricted category.

**TABLE 1**  
**SUMMARY OF NET POSITION**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current assets	\$ 1,336,734	\$ 1,258,037	\$ 215,490	\$ 235,975	\$ 1,552,224	\$ 1,494,012
Capital and other assets	1,074,622	1,061,769	6,896,775	5,876,285	7,971,397	6,938,054
Restricted or other assets	<u>11,581</u>	<u>10,414</u>	<u>580,884</u>	<u>379,967</u>	<u>592,465</u>	<u>390,381</u>
Total assets	<u>\$ 2,422,937</u>	<u>\$ 2,330,220</u>	<u>\$7,693,149</u>	<u>\$6,492,227</u>	<u>\$10,116,086</u>	<u>\$8,822,447</u>
Current and other liabilities	70,008	142,097	455,897	249,759	525,905	391,856
Long-term and other liabilities	<u>27,162</u>	<u>43,666</u>	<u>1,717,673</u>	<u>1,767,794</u>	<u>1,744,835</u>	<u>1,811,460</u>
Total liabilities	<u>97,170</u>	<u>185,763</u>	<u>2,173,570</u>	<u>2,017,553</u>	<u>2,270,740</u>	<u>2,203,316</u>
Net position						
Invested in capital assets,						
Net of related debt	1,074,622	1,055,789	5,033,677	3,980,372	6,108,299	5,036,161
Restricted	946,798	858,109	580,884	256,161	1,527,682	1,114,270
Unrestricted	<u>304,347</u>	<u>230,559</u>	<u>( 94,982)</u>	<u>238,141</u>	<u>209,365</u>	<u>468,700</u>
Total net position	<u>\$2,325,767</u>	<u>\$2,144,457</u>	<u>\$5,519,579</u>	<u>\$4,474,674</u>	<u>\$7,845,346</u>	<u>\$6,619,131</u>

**TABLE 2**  
**CHANGES IN NET POSITION**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program revenues						
Charges for services	\$ 102,723	\$ 143,152	\$ 799,387	\$ 798,617	\$ 902,110	\$ 941,769
Operating grants and contributions	143,487	201,132	--	--	143,487	201,132
Capital grants and contributions	189,800	187,500	147,000	--	336,800	187,500
General revenues						
Sales tax	546,984	517,322	260,389	244,202	807,373	761,524
Other taxes	261,077	229,015	--	--	261,077	229,015
Other general revenues	<u>103,345</u>	<u>28,490</u>	<u>1,019,564</u>	<u>170,113</u>	<u>1,122,909</u>	<u>198,603</u>
Total revenues	<u>1,347,416</u>	<u>1,306,611</u>	<u>2,226,340</u>	<u>1,212,932</u>	<u>3,573,756</u>	<u>2,519,543</u>
Expenses						
Administrative and Accounting	460,684	366,554	--	--	460,684	366,554
Public safety	498,022	753,810	--	--	498,022	753,810
Street	45,868	58,497	--	--	45,868	58,497
Cultural, recreation and library	112,463	84,550	--	--	112,463	84,550
Utilities	<u>--</u>	<u>--</u>	<u>1,230,504</u>	<u>1,186,097</u>	<u>1,230,504</u>	<u>1,186,097</u>
Total expenses	<u>1,117,037</u>	<u>1,263,411</u>	<u>1,230,504</u>	<u>1,186,097</u>	<u>2,347,541</u>	<u>2,449,508</u>
Capital transfer	<u>(49,069)</u>	<u>(30,349)</u>	<u>49,069</u>	<u>30,349</u>	<u>--</u>	<u>--</u>
Change in net position	<u>\$ 181,310</u>	<u>\$ 12,851</u>	<u>\$ 1,044,905</u>	<u>\$ 57,184</u>	<u>\$ 1,226,215</u>	<u>\$ 70,035</u>

**Governmental Activities.** Governmental activities increased the Town's fund balances by \$144,807 for the current fiscal year. This increase was due to changes in the fund balances of the various funds as follows:

General Fund	\$ 56,117
Street and Alley	21,051
Cemetery Fund	3,717
Volunteer Fire Fund	36,642
County Fire Fund	53,633
Police Donations	(29,137)
Tribal Fund	<u>2,784</u>
Increase in fund balances	144,807
Change in capital assets	12,853
Decrease in long term debt	5,980
Adjustment for GASB 68	<u>17,670</u>
Increase in net position	<u>\$ 181,310</u>

**Business-type Activities.** Business-type activities, i.e., the Salina Public Works Authority, had an increase in net position of \$1,044,905 and is discussed further, later in this report.

## **FINANCIAL ANALYSIS OF THE TOWN'S MAJOR FUNDS**

As noted earlier, the Town uses fund accounting to demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financial requirements. In particular unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

### **General Fund**

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$319,928, constituting 100% of the fund balance, which was \$56,117 or 21.27% more than the prior year's General Fund balance. This compares to a \$141,772 decrease in the prior year.

### **Various Fire Department Funds**

The two fire department funds combined increased their fund balances by \$74,684.

### **Street and Alley Fund**

The Street and Alley Fund balance increased \$36,642 during the year. This compares to a \$22,073 decrease in the prior year. Other financing sources increased while revenues and expenses remained relatively stable.

Although the fund has a healthy fund balance at June 30, 2023 of \$159,717, this balance may decline if extensive road work is performed.

### **Salina Public Works Authority**

The highlights of the fiscal year ending June 30, 2023 are as follows:

- The Authority's net position increased \$1,044,905 during the year. A summary of the increase is as follows:

Invested in capital assets, net of related debt	\$1,053,305
Restricted	324,723
Unrestricted	<u>( 333,123)</u>
	<u>\$1,044,905</u>

The increase in invested in capital assets, net of related debt is further summarized below:

Expended for capital assets (net of disposals)	\$1,266,111
(Increase) decrease in long-term debt	32,815
Depreciation (net of disposals)	<u>( 245,621)</u>
	<u>\$1,053,305</u>

The increase in restricted assets is further summarized as follows:

Restricted assets	
Restricted for debt retirement	\$ 57,958
Restricted for capital improvements	<u>266,765</u>
	<u>\$ 324,723</u>

The reason for the decrease in unrestricted is due to an increase in amounts expended for capital assets, and an increase in overall expenses.

## **GENERAL FUND BUDGETARY**

A budgetary comparison schedule is included in the "Required Supplementary Information" to the financial statements.

The basis of accounting for budgetary purposes for the General Fund is the cash basis, i.e., revenues are recognized when received and expenses are recognized when paid.

The budget method authorized by Oklahoma Statute adopted by the Town for its general fund places a limit on the amount that can be budgeted. The amount to be budgeted for the next fiscal year is the unreserved fund balance at the beginning of the fiscal year plus 90% of its revenues for the year just ended.

The budgetary fund balance is reconciled to the balance sheet fund balance in the Required Supplementary Information.

Generally, the Town attempts to prepare a budget that will result in a small positive increase in the fund balance. Generally, this is accomplished by only budgeting 90% of the prior year revenues and budgeting amounts, primarily in General Government, that will not be expended.

The fund balance for budget purposes increased by \$55,510 to \$197,558.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

A summary of capital asset activity for both governmental activities and business-type activities is included in Note 3.D. to the financial statements.

Particular elements of this have already been discussed in this report.

### **Debt Administration**

The Town's long-term debt decreased from \$5,980 at the beginning of the year to \$0 at the end of the year due to regularly scheduled debt retirement.

The Authority's long-term debt decreased \$32,815, overall, due to debt additions of \$133,927 and regularly scheduled debt retirement of \$166,742.

Details concerning long-term debt notes are in Note 3.F to the financial statements.

## **ECONOMIC FACTORS AND NEW YEAR'S BUDGET**

The Town's major governmental revenue, sales tax, increased compared to the prior year. Beginning in March, 2007, the Authority, by a vote of the people, began receiving a 1/2 cent

sales tax which was previously allocated to Street and Alley. One-half cent of the 2 1/2 cents being received by the General Fund can be allocated to other funds as determined by the Board. The 1/2 cent sales tax allocated to the Authority is to help make debt payments. Increased water and sewer rates have been approved due to debt service on new loans.

The Street and Alley Fund has a sufficient fund balance that should carry it for several years. However, new sources of revenue may need to be found to sustain it in the long run. Expenditures will increase next fiscal year for the Public Works Authority. First, it is unknown what the annual debt requirement will be in future years as the Authority borrowed less than the approved amount. It appears that payments for the current year were made based on the approved amount. It may be necessary for water rates to be adjusted to keep the PWA financially solid.

### **CONTACTING THE TOWN'S FINANCE DEPARTMENT**

This management's discussion and analysis is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions or need additional financial information, please contact the Town of Salina at (918) 434-5027.



**TOWN OF SALINA, OKLAHOMA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	<b><u>Governmental</u></b> <b><u>Activities</u></b>	<b><u>Business-type</u></b> <b><u>Activities</u></b>	<b><u>Total</u></b>
<b>ASSETS</b>			
Current Assets:			
Cash, including time deposits	\$ 733,671	\$ 135,750	\$ 869,421
Deposit with county	448,378	--	448,378
Taxes receivable	134,723	--	134,723
Other receivable (net)	19,962	59,778	79,740
Miscellaneous receivable	<u>--</u>	<u>19,962</u>	<u>19,962</u>
Total current assets	<u>1,336,734</u>	<u>215,490</u>	<u>1,552,224</u>
Noncurrent assets:			
Restricted assets:			
Cash, including time deposits	--	478,040	478,040
Taxes receivable	--	50,429	50,429
Due from Town of Salina	--	52,415	52,415
Capital assets (net)	<u>1,074,622</u>	<u>6,896,775</u>	<u>7,971,397</u>
Total noncurrent assets	<u>1,074,622</u>	<u>7,477,659</u>	<u>8,552,281</u>
Total assets	<u>2,411,356</u>	<u>7,693,149</u>	<u>10,104,505</u>
Deferred outflows of resources:			
Deferred outflows related to pensions	<u>11,581</u>	<u>--</u>	<u>11,581</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued expenses	17,593	265,430	283,023
Accrued interest	--	14,987	14,987
Due to Town General Fund	52,415	--	52,415
Current portion of long-term debt	<u>--</u>	<u>175,480</u>	<u>175,480</u>
Total current liabilities	<u>70,008</u>	<u>455,897</u>	<u>525,905</u>
Noncurrent liabilities:			
Notes payable, less current portion	--	1,687,618	1,687,618
Net pension liability	20,319	--	20,319
Payable from restricted assets			
Utility deposits	<u>--</u>	<u>30,055</u>	<u>30,055</u>
Total noncurrent liabilities	<u>20,319</u>	<u>1,717,673</u>	<u>1,737,992</u>
Total liabilities	<u>90,327</u>	<u>2,173,570</u>	<u>2,263,897</u>
Deferred inflows of resources:			
Deferred amounts related to pensions	<u>6,843</u>	<u>--</u>	<u>6,843</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	1,074,622	5,033,677	6,108,299
Restricted for:			
Debt service	--	111,700	111,700
Capital improvements	--	469,184	469,184
Specific purposes	946,798	--	946,798
Unrestricted	<u>304,347</u>	<u>(94,982)</u>	<u>209,365</u>
Total net position	<u>\$2,325,767</u>	<u>\$5,519,579</u>	<u>\$7,845,346</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF SALINA, OKLAHOMA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2023**

		<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenue (Loss)</u>
Governmental activities					
General government					
Administrative and Accounting	\$ 460,684	\$ 4,649	122,889	159,800	\$ ( 173,346)
Total general government	<u>460,684</u>	<u>4,649</u>	<u>122,889</u>	<u>159,800</u>	<u>( 173,346)</u>
Public safety and judiciary					
Town Attorney	7,800	--	--	--	( 7,800)
Police and Court	334,121	68,889	10,565	--	( 254,667)
Fire	153,301	19,110	--	30,000	( 104,191)
Emergency Management	<u>2,800</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>( 2,800)</u>
Total public safety and judiciary	<u>498,022</u>	<u>87,999</u>	<u>10,565</u>	<u>30,000</u>	<u>( 369,458)</u>
Transportation					
Street	<u>45,868</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>( 45,868)</u>
Total transportation	<u>45,868</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>( 45,868)</u>
Cultural, parks and recreation					
Cemetery	11,889	10,075	4,612	--	2,798
Parks	7,083	--	--	--	( 7,083)
Library	<u>93,491</u>	<u>--</u>	<u>5,421</u>	<u>--</u>	<u>( 88,070)</u>
Total cultural, parks and recreation	<u>112,463</u>	<u>10,075</u>	<u>10,033</u>	<u>--</u>	<u>( 92,355)</u>
Total governmental activities	<u>1,117,037</u>	<u>102,723</u>	<u>143,487</u>	<u>189,800</u>	<u>( 681,027)</u>
Business-type activities:					
Water and sewer	918,707	667,216	--	147,000	( 104,491)
Trash	120,738	132,171	--	--	11,433
Administration	<u>191,059</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>( 191,059)</u>
Total business-type activities	<u>1,230,504</u>	<u>799,387</u>	<u>--</u>	<u>147,000</u>	<u>( 284,117)</u>
Total	<u>\$ 2,347,541</u>	<u>\$ 902,110</u>	<u>\$ 143,487</u>	<u>\$ 336,800</u>	<u>\$ ( 965,144)</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF SALINA, OKLAHOMA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

**CHANGES IN NET POSITION**

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Net (expense) revenue	<u>\$( 681,027)</u>	<u>\$( 284,117)</u>	<u>\$( 965,144)</u>
General Revenues			
Taxes:			
Sales tax	546,984	260,389	807,373
Use tax	188,731	--	188,731
Alcohol beverage tax	15,076	--	15,076
Gasoline tax	1,912	--	1,912
Motor vehicle tax	7,938	--	7,938
Cigarette tax	4,698	--	4,698
Franchise taxes	42,722	--	42,722
Investment income	882	923	1,805
Asset Sales / Reimbursements	61,493	--	61,493
Debt Forgiveness /miscellaneous	40,970	1,018,641	1,059,611
Transfers (Net)	<u>(49,069)</u>	<u>49,069</u>	<u>--</u>
 Total general revenues	<u>862,337</u>	<u>1,329,022</u>	<u>2,191,359</u>
 Change in net position	<u>181,310</u>	<u>1,044,905</u>	<u>1,226,215</u>
 Net position - beginning as restated for governmental	<u>2,144,457</u>	<u>4,474,674</u>	<u>6,619,131</u>
 Net position - ending	<u>\$ 2,325,767</u>	<u>\$ 5,519,579</u>	<u>\$ 7,845,346</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF SALINA, OKLAHOMA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<b><u>General Fund</u></b>	<b><u>County Fire Fund</u></b>	<b><u>Volunteer Fire Fund</u></b>	<b><u>Other Governmental Funds</u></b>	<b><u>Total Governmental Funds</u></b>
<b>ASSETS</b>					
Cash, including time deposits	\$ 255,963	\$ --	\$ 244,159	\$ 233,549	\$ 733,671
Deposit with County	--	448,378	--	--	448,378
Taxes receivable	113,042	20,397	--	1,284	134,723
Miscellaneous receivable	19,962	--	--	--	19,962
Due From PWA Fund	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total assets	<u>\$ 388,967</u>	<u>\$ 468,775</u>	<u>\$ 244,159</u>	<u>\$ 234,833</u>	<u>\$ 1,336,734</u>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 16,624	\$ --	\$ --	\$ 969	\$ 17,593
Due other funds	<u>52,415</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>52,415</u>
Total liabilities	<u>69,039</u>	<u>--</u>	<u>--</u>	<u>969</u>	<u>70,008</u>
<b>FUND BALANCES</b>					
Restricted	--	468,775	244,159	233,864	946,798
Unassigned	<u>319,928</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>319,928</u>
Total fund balance	<u>319,928</u>	<u>468,775</u>	<u>244,159</u>	<u>233,864</u>	<u>1,266,726</u>
Total liabilities and fund balances	<u>\$ 388,967</u>	<u>\$ 468,775</u>	<u>\$ 244,159</u>	<u>\$ 234,833</u>	

Amounts reported for governmental activities in the Statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$1,924,018 1,074,622

Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.

Net Pension Liability ( 20,319)

Pension related deferred inflows ( 6,843)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds

Pension related deferred outflows 11,581

Net position of governmental funds \$ 2,325,767

The notes to the financial statements are an integral part of this statement.

**TOWN OF SALINA, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2023**

	<b><u>General Fund</u></b>	<b><u>County Fire Fund</u></b>	<b><u>Volunteer Fire Fund</u></b>	<b><u>Other Governmental Funds</u></b>	<b><u>Total Governmental Fund</u></b>
<b>REVENUES</b>					
Sales tax	\$ 433,982	\$ 113,002	\$ --	\$ --	\$ 546,984
Other taxes	208,505	--	--	9,850	218,355
Fines and forfeits	66,026	--	--	--	66,026
Licenses and permits	4,649	--	--	--	4,649
Franchise taxes	42,722	--	--	--	42,722
Interest	286	--	--	596	882
Grants and contributions	288,110	--	48,660	15,177	351,947
Asset Sales and reimbursements	60,993	--	--	--	60,993
Miscellaneous	<u>40,970</u>	<u>--</u>	<u>450</u>	<u>13,439</u>	<u>54,859</u>
Total revenues	<u>\$1,146,243</u>	<u>\$ 113,002</u>	<u>\$ 49,110</u>	<u>\$ 39,062</u>	<u>\$1,347,417</u>
<b>EXPENDITURES</b>					
Current					
General government					
Administrative and accounting	<u>456,841</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>456,841</u>
Total general government	<u>456,841</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>456,841</u>
Public safety and judiciary					
Town attorney	7,800	--	--	--	7,800
Police and court	283,607	--	--	4,440	288,047
Fire	720	59,369	41,059	--	101,148
Emergency Management	<u>2,800</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,800</u>
Total public safety and judiciary	<u>294,927</u>	<u>59,369</u>	<u>41,059</u>	<u>4,440</u>	<u>399,795</u>
Transportation					
Street	<u>--</u>	<u>--</u>	<u>--</u>	<u>36,187</u>	<u>36,187</u>
Total transportation	<u>--</u>	<u>--</u>	<u>--</u>	<u>36,187</u>	<u>36,187</u>
Cemetery	<u>--</u>	<u>--</u>	<u>--</u>	<u>11,161</u>	<u>11,161</u>
Park	<u>7,003</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>7,003</u>
Library	<u>83,521</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>83,521</u>
Debt Service					
Principal	5,980	--	--	--	5,980
Interest and other charges	<u>160</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>160</u>
Total	<u>6,140</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>6,140</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF SALINA, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>County Fire Fund</u>	<u>Volunteer Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Capital outlay	<u>143,389</u>	<u>--</u>	<u>--</u>	<u>9,504</u>	<u>152,893</u>
Total expenditures	<u>991,821</u>	<u>59,369</u>	<u>41,059</u>	<u>61,292</u>	<u>1,153,541</u>
Excess (deficiency) of revenues over expenditures	<u>154,422</u>	<u>53,633</u>	<u>8,051</u>	<u>(22,230)</u>	<u>193,876</u>
Other financing sources (uses)					
Transfers in	301,617	--	13,000	36,236	350,853
Transfers out	<u>(399,922)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>( 399,922)</u>
Total other financing sources (uses)	<u>( 98,305)</u>	<u>--</u>	<u>13,000</u>	<u>36,236</u>	<u>( 49,069)</u>
Net change in fund balances	56,117	53,633	21,051	14,006	144,807
Fund balances - beginning	<u>263,811</u>	<u>415,142</u>	<u>223,108</u>	<u>219,858</u>	<u>1,121,919</u>
Fund balances - ending	<u>\$ 319,928</u>	<u>\$ 468,775</u>	<u>\$ 244,159</u>	<u>\$ 233,864</u>	<u>\$1,266,726</u>

Reconciliation of the change in fund balances - total government funds to the  
change in net position of governmental activities

Net change in fund balances - total governmental funds \$ 144,807

Amounts reported for governmental activities in the Statement of Activities  
are different because

In the Statement of Activities, the cost of pension benefits earned net of  
employee contributions is reported as an element of pension expense. The  
Fund Financial Statements report pension contributions as expenditures 17,670

Governmental funds report capital outlays as expenditures while governmental  
activities report depreciation expense to allocate those expenditures over the life  
of the assets and expenses, the book value of items deleted as a cost:

Capital asset purchases capitalized 152,892

Depreciation expense ( 140,039)

12,853

Repayment of debt principal is an expenditure in the governmental funds, but the  
repayment reduces long-term liabilities in the Statement of Net position:

Net principal paid/borrowed 5,980

Change in net position of governmental activities \$ 181,310

The notes to the financial statements are an integral part of this statement.

**TOWN OF SALINA, OKLAHOMA  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
SALINA PUBLIC WORKS AUTHORITY  
JUNE 30, 2023**

**ASSETS**

## Current assets

Cash and cash equivalents	\$ 135,750
Accounts receivable	59,778
Due from OMAG	<u>19,962</u>

Total current assets 215,490

## Noncurrent assets:

## Restricted assets

Cash and cash equivalents	478,040
Due from Town of Salina	52,415
Taxes receivable	50,429
Capital assets (net)	<u>6,896,775</u>

Total noncurrent assets 7,477,659

Total assets \$7,693,149

**LIABILITIES**

## Current liabilities

Accounts payable and accrued expenses	265,430
Current portion of long-term debt	175,480
Accrued interest	<u>14,987</u>

Total current liabilities 455,897

## Noncurrent liabilities

Payable from restricted assets	
Utility deposits	30,055

## Long-term debt

Notes payable, less current portion 1,687,618

Total noncurrent liabilities 1,717,673

Total liabilities 2,173,570

**NET POSITION**

Investment in capital assets, net of related debt	5,033,677
Restricted for debt retirement	111,700
Restricted for capital improvements	469,184
Retained earnings - unreserved	<u>( 94,982)</u>

Total net position \$ 5,519,579

The notes to the financial statements are an integral part of this statement.

**TOWN OF SALINA, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**SALINA PUBLIC WORKS AUTHORITY**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Water</u>	<u>Sewer</u>	<u>Trash</u>	<u>Total</u>
Operating revenues				
Utility charges	<u>\$ 511,475</u>	<u>\$ 155,741</u>	<u>\$ 132,171</u>	<u>\$ 799,387</u>
Operating expenses				
Water purchased	170,216	--	--	170,216
Salaries and benefits	143,335	96,595	--	239,930
Repairs and supplies	54,141	75,589	--	129,730
Utilities	40,508	27,006	--	67,514
Chemicals, testing and permits	6,991	2,833	--	9,824
Vehicle expense	16,343	10,896	--	27,239
Trash service	--	--	120,738	120,738
Depreciation	<u>133,676</u>	<u>98,922</u>	<u>--</u>	<u>232,598</u>
Totals	<u>565,210</u>	<u>311,841</u>	<u>120,738</u>	<u>997,789</u>
Operating profit (loss)	<u>\$ ( 53,735)</u>	<u>\$ ( 156,100)</u>	<u>\$ 11,433</u>	<u>\$ (198,402)</u>
General Administrative				
Salaries and benefits				71,668
Legal and accounting				11,020
Insurance				22,805
Supplies and postage				13,639
Office expense				36,795
Miscellaneous				2,046
Depreciation				<u>33,086</u>
Total general and administrative				<u>191,059</u>
Net operating income (loss)				<u>( 389,461)</u>
Nonoperating revenues (expenses)				
Interest income				923
Sales tax				260,389
Grants and donations				147,000
Debt Forgiveness				1,000,000
Transfers (net)				49,069
Late fees etc.				16,616
Asset sales and reimbursements				2,025
Interest expenses				<u>( 41,656)</u>
Total				<u>1,434,366</u>
Net Income				1,044,905
Net position - beginning of year				<u>4,474,674</u>
Net position - end of year				<u>\$ 5,519,579</u>

The notes to the financial statements are an integral part of this statement.



**TOWN OF SALINA, OKLAHOMA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
SALINA PUBLIC WORKS AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2023**

Cash flows from operating activities:	
Receipts from customers	\$ 799,387
Payments to suppliers	( 205,364)
Payments to employees and benefits	( 308,047)
Increase (decrease) in utility deposits	<u>( 4,145)</u>
Net cash provided (used) by operating activities	<u>281,831</u>
Cash flows from noncapital financing activities:	
Sales tax	<u>255,324</u>
Cash flows from capital and related financing activities:	
Purchases / disposals of capital assets (net)	(1,266,111)
Principal paid on long-term debt	( 166,742)
Interest paid	( 42,011)
Sale of assets/transfers/loans	<u>1,185,020</u>
Net cash provided (used) by capital and related financing activities	<u>( 289,844)</u>
Cash flows from investing activities	
Interest	<u>923</u>
Net cash provided (used) by investing activities	<u>923</u>
Net increase (decrease) in cash and cash equivalents	<u>248,234</u>
Balances - beginning of the year	<u>365,556</u>
Balances - end of the year	<u>\$ 613,790</u>
Cash, including time deposits	135,750
Restricted cash, including time deposits	<u>478,040</u>
Total cash and cash equivalents, end of year	<u>\$ 613,790</u>
Reconciliation of operating income (loss ) to net cash provided (used) by operating activities	
Operating income (loss)	( 389,461)
Miscellaneous income	163,616
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Cash flows in other categories:	
Depreciation expense	245,621
Change in assets and liabilities:	
(Increase) decrease in receivables	14,775
Increase (decrease) in accounts payable and accrued expenses	259,986
Increase (decrease) in customer meter deposits payable	( 4,145)
Increase (decrease) in due to other operations	<u>( 8,561)</u>
	<u>\$ 281,831</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF SALINA, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**TOWN OF SALINA, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Salina operates under an elected Town Board of Trustees form of government. The Town's major operations include public safety (police and fire), provision and maintenance of streets and drainage, and general administrative services. In addition, the Town exercises sufficient control over another governmental agency that provides water and sewer services that is included as part of the Town's reporting entity.

The Town complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Town the option of electing to apply FASB pronouncements issued after November 30, 1989. The Town has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. The Town complies with the reporting requirements of GASB Statement Nos. 33 and 34 for the year ended June 30 and all other applicable GASB Statements.

**1.A. FINANCIAL REPORTING ENTITY**

The Town's financial reporting entity comprises the following:

Primary Government:	Town of Salina
Blended Component Units:	Salina Public Works Authority County Wide Fire Department Fund

In determining the financial reporting entity, The Town complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and includes all component units of which the Town appointed a voting majority of the units' board; the Town is either able to impose its will on the unit or a financial benefit or burden relationship exists.

***Blended Component Unit***

A blended component unit is a separate legal entity that meets the component unit criteria described above and whose governing body is the same or substantially the same as the Town Council or the component unit provides services entirely to the Town. The component unit's

funds are blended into those of the Town's by appropriate activity type to compose the primary government presentation.

### ***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. Currently, the Town has no discretely presented component units.

### **Blended Component Unit**

Component Unit	Brief Description/Inclusion Criteria	Reporting
Salina Public Works Authority	The Authority, which has the same Board Members as the Town, provides water, sewer and trash services to citizens of the Town. The Authority is dependent on the Town, as a major source of revenues is sales tax. The Town is the beneficiary of the Authority.	Proprietary
County Fire Fund	A countywide sales tax is assessed for the purpose of providing revenues to the various fire departments of Mayes County. The sales tax receipts are equally divided among the fire departments and administered by the County which maintains a fund for each fire department, including that of the Town of Salina. Purchases against the funds can only be initiated by each fire department, sometimes requiring its governing board approval.	Governmental

## **1.B. BASIS OF PRESENTATION**

### ***Government-wide Financial Statements:***

The Statement of Net position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

## ***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental category. The Salina Public Works Authority is the only proprietary type activity of the reporting entity and is considered a major fund. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

### ***Governmental Funds***

#### ***General Fund***

The General Fund is the primary operating fund of the Town and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounting for in other funds.

#### ***Special Revenue Funds***

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally or council restricted to expenditures for certain purposes.

#### ***Capital Project Funds***

The Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. The Town has no capital project funds.

### ***Debt Service Fund***

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the Town other than debt service payments made by other funds. The Town has no debt service funds.

### ***Proprietary Fund***

#### ***Enterprise Fund***

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Salina Public Works Authority is the only enterprise fund.

### ***Major and Non major Funds***

The funds are further classified as major or non-major as follows:

<i>Fund</i>	<i>Brief Description</i>
Major:	
General	See above for description
Proprietary Fund: Salina Public Works Authority	Accounts for activities of providing water, sewer, and trash services to the public.
Special Revenue Funds:	
Street and Alley	Accounts for revenues and expenditures of maintaining, improving and extending streets and alleys.
County Fire Fund	Provides for the acquisition of assets and the operations of the fire department. Funded by a countywide sales tax.
<i>Fund</i>	<i>Brief Description</i>
Non major:	
Special Revenue Funds:	
Cemetery Fund	Accounts for revenues and expenditures of maintaining the cemetery.
Volunteer Fire Fund	Accounts for revenues raised by the volunteer firefighters and the expending of such funds.
Police Donations	Accounts for donations and grants to the police department.

## **1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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.

### ***Measurement Focus***

On the government-wide Statement of Net position and the Statement of Activities, both governmental and businesslike activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental 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 spendable 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.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), 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 position.

### ***Basis of Accounting***

The Town implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of June 30, 2005.

In the government-wide Statement of Net position and Statement of Activities, both governmental and businesslike activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Specifically, taxes received in July and August after the year end are accrued when such taxes pertain to the period being reported.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, asset acquisitions and repayment of debt are expensed, and depreciation is not reflected.

Proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

### ***Budget Basis of Accounting***

Formal budgetary accounting is employed as a management control for the governmental funds of the Town. Annual operating budgets are adopted only for the general fund. The basis of accounting for budgetary purposes for all funds is the modified cash basis, i.e., revenues are recognized when received and expenditures are recognized when incurred. Prior to this year, expenditures were recognized when paid. The Salina Public Works Authority also adopts a budget and revenues are recognized when earned and billed and expenditures are recognized when incurred.

The budget method authorized by Oklahoma Statute adopted by the Town for its general fund places a limit on the amount that can be budgeted. The amount to be budgeted for the next fiscal year is the unreserved fund balance at the end of the fiscal year plus 90% of its revenues for the year just ended. All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.

## **1.D. ASSETS, LIABILITIES, AND EQUITY**

### ***Cash and Investments***

For the purpose of the Statement of Net position, "cash, including time deposits" includes all demand, savings accounts, and certificates of deposit of the Town. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit.

Additional cash and investment disclosures are presented in Notes 2.B. and 3.A.

### ***Receivables***

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

The Salina Public Works Authority is the only fund that has receivables that are essentially subject to bad debts. An allowance for uncollectible accounts has been established, as is more fully explained in Note 3.C. Such receivables consist of utility charges to customers.

### ***Fixed Assets***

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.



The capitalization policy of the Town is to capitalize assets which are expected to last past the end of the current year with a cost of \$500 or more. The policy of the Authority was to capitalize all such assets, regardless of cost, until June 30, 2002. Beginning July 1, 2002, the policy is to capitalize those assets with a cost of \$500 or more. Beginning July 1, 2014, the policy is to capitalize those assets with a cost of \$1,000 or more.

### ***Government-wide statements***

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

The governmental funds' infrastructure assets have not been capitalized for past years, which, in accordance with GASB 34, is not required. However, the Town started capitalizing current additions to infrastructure as required.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Government</u>	<u>Proprietary</u>
Buildings	20 - 40 years	10 - 40 years
Machinery and Equipment	5 - 25 years	5 - 10 years
Utility System	--	5 - 50 years
Infrastructure	25 - 40 years	

### ***Fund Financial Statements***

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

### ***Restricted Assets***

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to charter and third party required reserves and utility meter deposits.

## **Long-term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and leases payable, and customer meter deposits.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

## **Equity Classifications**

### ***Government-wide Statements***

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The restricted net position are funds set aside for the payment of long-term debt as required by bond indentures, funds held for utility deposits, and funds restricted for capital improvements. All are reflected in the Salina Public Works Authority.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

### ***Fund Statements***

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

## 1.E. REVENUES, EXPENDITURES, AND EXPENSES

### Sales Tax

A 4-cent sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. Although the sales tax rate has been and continues to be four cents, a change in the allocation of one cent was approved by a vote of the people during the year. Prior to the change, the allocation of the one cent was voted on by the people every two years. The allocation of the entire four cents is now permanent. The follow reflects the allocation of the sales tax before and after the vote:

	<u>Sales Tax Receipts</u>	
	<u>Through</u> <u>February, 2007</u>	<u>Beginning</u> <u>March, 2007</u>
General Fund	2.5 cents	2.5 cents
Street and Alley	.5 cents	--
Public Works Authority	<u>1.0 cents</u>	<u>1.5 cents</u>
	<u>4.0 cents</u>	<u>4.0 cents</u>

The original one cent to the Authority is for the construction of water and sewer treatment and distribution systems and/or the retirement of current debt related to such improvements. The ½ cent to the Authority is to fund the mandatory improvements to the wastewater plant and system and to service the debt to the Federal Home Administration, Rural Development necessitated by such improvements.

### Use Tax

The Town levies a 4-cent 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 Town in the month following receipt by the Tax Commission, which is one month after the tax is received from the vendors. The use taxes are allocated entirely to the General Fund.

### 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 both governmental and business-type activities:

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character	Current (further classified by function)
Debt Service	
Capital Outlay	

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources.

## **Interfund Transfers**

Permanent reallocation 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.

## **Operating/non-operating Revenues - Proprietary Funds**

Operating revenues for the Authority consist only of revenues derived from the providing of utility and services to its customers. Nonoperating revenues consist of all other revenues and consist of sales tax revenues and interest earned.

## **NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

### **2.A. FUND ACCOUNTING REQUIREMENTS**

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

<b>Fund</b>	<b>Required By</b>
Street and Drainage	State Law
Cemetery Fund	State Law
Public Works Authority	Trust Indenture

**2.B. DEPOSITS AND INVESTMENTS 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 Town must have a written collateral agreement approved by the board of directors or loan committee.

**2.C. REVENUE RESTRICTIONS**

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<i>Revenue Source</i>	<i>Legal Restrictions of Use</i>
Sales Tax	See Note 1.E.
Gasoline Excise & Commercial Vehicle Tax	Street and Alley Purposes
Water, Sewer, and Trash Revenue	Debt Service & Utility Operations

For the year ended June 30, 2023, the Town complied, in all material respects, with these revenue restrictions.

**2.D. DEBT RESTRICTIONS AND COVENANTS**

**General Obligation Debt**

Article 10, Sections 26 and 27, for the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for nonutility or non-street purposes to no more than 10 percent of net assessed valuation. For the year ended June 30, 2023, the Town complied with this provision.

**Other Long-term Debt**

Except as noted in the preceding paragraph, as required by the Oklahoma State Constitution, the Town (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue without first obtaining voter approval. For the year ended June 30, 2023, the Town incurred no such indebtedness.

**2.E. FUND EQUITY 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 Town of Salina complied with this statute in all material respects for the year ended June 30, 2023.

### NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

#### 3.A. CASH AND INVESTMENTS

##### Deposits

The Town's policies regarding deposits of cash are discussed in Note 1.E. The table presented below is designed to disclose the level of custody credit risk assumed by the Town based upon how its deposits were insured or secured with collateral at June 30, 2023. The categories of credit risk are defined as follows:

Category 1 - Insured by FDIC or collateralized with securities held by the Town (or public trust) or by its agent in its name

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name

Category 3 - Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Town's name; or collateralized with no written or approved collateral agreement

Type of Deposits	Total Bank Balance	Category 1	Total Credit Risk 2	Category 3	Carrying Value
Demand deposits and time deposits	<u>\$1,347,461</u>	<u>\$ 500,098</u>	<u>\$ 847,363</u>	<u>\$ --</u>	<u>\$1,347,461</u>

Total Deposits

Reconciliation to Government-wide Statement of Net position:

Unrestricted cash, including time deposits 869,421

Restricted cash, including time deposits 478,040

\$1,347,461

### 3.B. RESTRICTED NET POSITION

The following is a summary of the restricted assets, which consists of cash and short-term funds:

Reserved from retained earnings	
Capital Improvement Funds	
Sales Tax Facilities Improvement	
Cash	\$ 418,755
Taxes receivable	<u>50,429</u>
	<u>469,184</u>
 Reserved for utility deposits	
Cash	59,186
Due from (to) general operations	<u>52,415</u>
	<u>111,601</u>
 Debt service funds	<u>99</u>
 Total restricted assets	<u>\$ 580,884</u>
 Restricted for debt retirement	111,700
Restricted for capital improvements	<u>469,184</u>
	<u>\$ 580,884</u>

The source and purpose of restricted assets is as follows:

- a. The Sales Tax Facilities Improvement was created by the voters in 1980 allocating a one cent sales tax to provide revenues for the payment of costs of construction of water and sewer treatment and distribution systems, with any not necessary to same, at the discretion of the Board of Trustees, to be placed in the General Fund of the Township. Legal Counsel for the Authority has opined that these funds could be used to retire the current debt outstanding. The sales tax is currently being used to fund the retirement of debt.
- b. The Debt Service Fund is funded by the Authority on a monthly basis to accumulate the necessary funds to make semiannual payments of principal and interest on the note. Monthly funding is set by the trustee.
- c. Reserve for utility deposits - This represents deposits for utilities by customers and is not refunded until the customer no longer is receiving utilities from the Authority.

### 3.C. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities consist of utilities receivable and are reported at their gross value less an allowance for doubtful accounts of \$1,000. All accounts have utility deposits with the Authority which can be applied to any unpaid balances. Management feels that such deposits will cover most accounts that might become uncollectible.

### 3.D. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance at July 1, 2022	Additions	Transfers	Disposals	Balance at June 30, 2023
Governmental activities:					
Land	\$ 68,800	\$ --	\$ --	\$ --	\$ 68,800
Buildings	974,358	34,832	--	--	1,009,190
Machinery & equipment	1,624,383	118,060	--	( 35,300)	1,707,143
Infrastructure	<u>213,507</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>213,507</u>
Totals at historical cost	<u>2,881,048</u>	<u>152,892</u>	<u>--</u>	<u>( 35,300)</u>	<u>2,998,640</u>
Less accumulated depreciation					
Buildings	( 482,426)	( 30,668)	--	--	( 513,094)
Machinery & equipment	( 1,237,532)	( 101,844)	--	35,300	( 1,304,076)
Infrastructure	<u>( 99,321)</u>	<u>( 7,527)</u>	<u>--</u>	<u>--</u>	<u>( 106,848)</u>
Total accumulated depreciation	<u>( 1,819,279)</u>	<u>( 140,039)</u>	<u>--</u>	<u>35,300</u>	<u>( 1,924,018)</u>
Governmental activities capital assets, net	<u>\$ 1,061,769</u>	<u>\$ 12,853</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,074,622</u>
Business-type activities:					
Land	11,625	--	--	--	11,625
Buildings	202,641	--	--	--	202,641
Work in process	147,276	1,286,174	--	--	1,433,450
Machinery & equipment	401,174	--	--	( 20,063)	381,111
Utility property	<u>9,309,913</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>9,309,913</u>
Totals at historical cost	<u>10,072,629</u>	<u>1,286,174</u>	<u>--</u>	<u>( 20,063)</u>	<u>11,338,740</u>
Less accumulated depreciation:					
Buildings	( 101,431)	( 5,451)	--	--	( 106,882)
Machinery & equipment	( 276,525)	( 27,635)	--	20,063	( 284,097)
Utility property	<u>( 3,818,388)</u>	<u>( 232,598)</u>	<u>--</u>	<u>--</u>	<u>( 4,050,986)</u>
Total accumulated depreciation	<u>( 4,196,344)</u>	<u>( 265,684)</u>	<u>--</u>	<u>20,063</u>	<u>( 4,441,965)</u>
Business-type capital assets, net	<u>\$ 5,876,285</u>	<u>\$ 1,020,490</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 6,896,775</u>



\* Depreciation expense was charged to governmental activities as follows:

General government:	
Administrative and accounting	\$ 9,288
Total general government	<u>9,288</u>
Public safety and judiciary:	
Police	45,914
Fire	<u>64,380</u>
Total public safety and judiciary	<u>110,294</u>
Streets	<u>9,679</u>
Cultural, parks and recreation:	
Cemetery	727
Parks	80
Library	<u>9,971</u>
Total cultural, parks and recreation	<u>10,778</u>
Total depreciation expense	<u>\$ 140,039</u>

The capitalization of infrastructure is reported on a prospective basis.

### 3.E. ACCOUNTS PAYABLE

Payables in all funds are composed of payables to vendors only. Accrued expenses consist mainly of accrued interest for the Salina Public Works Authority.

### 3.F. LONG-TERM DEBT

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

#### Governmental Activities

The following is a summary of the Town's (excluding Proprietary Funds) long-term debt transactions for the year ended June 30, 2023:

Debt outstanding, July 1, 2022	\$ 5,980
Additions	--
Retirements	<u>( 5,980)</u>
Debt outstanding, June 30, 2023	<u>\$ --</u>

## Business-Type Activities

The following is a summary of the Salina Public Works Authority's long-term debt transactions for the year ended June 30, 2023.

Debt outstanding July 1, 2022	\$ 1,895,913
Additions	133,927
Retirements	<u>( 166,742)</u>
Debt outstanding June 30, 2023	<u>\$ 1,863,098</u>

The current and long-term payments on long-term debt is as follows:

	<u>Total</u>	<u>Due Within One Year</u>
Sales tax revenue note dated September 1, 2008 in the original amount of \$1,260,000, payable in varying amounts of principal and 3.99% interest over 17 years and is secured by a mortgage on all property owned whether real, personal or mixed, which constitutes or is used in connection with the water and sanitary sewer systems and facilities of the Authority and of the Town of Salina	\$ 150,000	\$ 100,000
Note payable for waste-water treatment plant upgrades. As of June 30, 2023, construction is still in progress. Semiannual payments, amount still to be determined, including 3.16% for interest and administrative fees, secured by sewer and water systems and a pledge of certain sales tax revenues	133,927	1,377
Note payable in the original amount of \$1,480,000, payable in semiannual payments of \$38,543.11, including 2.36% for interest and administrative fees, secured by sewer and water systems and a pledge of certain sales tax revenues	1,019,541	53,338
Note payable in semiannual payments of \$18,034.33, including 2.76% interest until September 15, 2043	<u>559,630</u>	<u>20,765</u>
Total	<u>\$ 1,863,098</u>	<u>\$ 175,480</u>
Less: Current portion	<u>175,480</u>	
Long-term portion	<u>\$ 1,687,618</u>	

Long-term debt maturities, including interest, until retired are as follows:

	<u>Principal</u>	<u>Interest</u>
Year ended June 30, 2024	175,480	48,305
Year ended June 30, 2025	128,765	42,439
Year ended June 30, 2026	80,744	39,463
Year ended June 30, 2027	82,774	37,434
Year ended June 30, 2028	84,854	35,353
Five year period ending June 30, 2033	457,373	143,662
Five year period ending June 30, 2038	515,777	83,140
Five year period ending June 30, 2043	260,695	27,976
Thereafter	76,636	11,641

### **3.G. EMPLOYEE RETIREMENT SYSTEM**

#### ***Oklahoma Firefighters' Pension and Retirement System***

***Plan description*** - The Town of Salina, as the employer, participates in the Firefighters Pension and Retirement, a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension and Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at the Plan's administrative web site.

***Benefits provided*** - FPRS provides retirement, disability and death benefits to members of the plan. Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more of service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service or \$7.53 per year of service with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

***Contributions*** - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating towns are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the Town were \$720.

***Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** - At June 30, 2023, the Town reported a net pension liability of \$20,319 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Town's proportion of the net pension asset was based on the Town's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. Based upon this information, the Town's proportion was .001554%.

For the year ended June 30, 2023, the Town recognized pension expense of \$720. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,609	\$ 103
Changes of assumptions	--	129
Net difference between projected and actual earnings on pension plan investments	8,972	6,611
Changes in proportion and differences between Town contributions and proportionate share of contributions--	--	--
Town contributions subsequent to the measurement date	<u>--</u>	<u>--</u>
Total	<u>\$ 11,581</u>	<u>\$ 6,843</u>

\$11,581 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>
Year ended June 30		
2023	\$( 2,378)	\$ 3,640
2024	( 2,261)	3,292
2025	( 2,204)	2,497
2026	<u>          </u>	<u>2,152</u>
	<u>\$( 6,843)</u>	<u>\$ 11,581</u>

**Actuarial Assumptions** - The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases	3%, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for health lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimate of arithmetic real rates of return for 2023 is 7.5.

**Discount Rate:** The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** -The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employer's net pension liability (asset)	\$ 26,183	\$ 20,319	\$ 14,327

***Pension plan fiduciary net position*** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS, which can be located on the Plan Administrative web site.

#### ***Salina 457 (b) Deferred Compensation Plan***

The Town of Salina and the Salina Public Works Authority jointly started a 457 (b) deferred compensation plan in prior years. Under the terms of the plan, the employers will match up to 3% of each employee's contributions to the plan.

During the year ended June 30, 2023, the employers paid in \$720, and the employees paid in \$0.

### **3.H. DUE TO/FROM & OPERATING TRANSFERS**

As of June 30, 2023, the PWA is owed \$52,415 from the General Fund. The operating transfers consisted of the General Fund transferring out \$49,069 net to the PWA, \$13,000 to the Volunteer Fire Department, \$62,593 net to Street and Alley, and transferring in \$35,861 from the Police.

### **3.I. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The Town 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.

### **3.J. CONDUIT DEBT OBLIGATION**

During the fiscal year 2006/07, the Town of Salina approved a resolution relating to the incurring of indebtedness by the Trustees of the Salina Educational Facilities Authority to be accomplished by the issuance of lease revenue bonds not to exceed \$2,100,000 to provide funds to Independent School District No. 16, Mayes County, Oklahoma required to construct, furnish, and equip a new elementary school; established a reserve fund, capitalize interest and pay cost of issuance and all matters related thereto, including but not limited to the waiver of competitive bidding thereof. The debt is secured by the property financed. The Town functions as a conduit for the indebtedness and is not obligated in any manner for repayment.

### **3.K COMMITMENTS & CONTINGENCIES**

As of June 30, 2023, the following pending litigation cases existed:

*Oklahoma State Court: Mayes County CJ-2003-30.* This lawsuit is seeking relief from the Town of Salina attempting to annex areas to the west of Lake Hudson. The litigation has been pending without action for years and is not expected to impact Salina negatively.

### **3.L. SUBSEQUENT EVENTS**

There were no other subsequent events to disclose as of February 24, 2025



## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB, but are considered a part of the basic financial statements. Such information includes:

- Fire  
Schedule of the Town's proportionate share of the net pension liability (asset)
- Budgetary Comparison Schedules - General Fund

**TOWN OF SALINA, OKLAHOMA**

**Schedules of Required Supplementary Information  
Schedule of the Town of Salina, Oklahoma  
Proportionate Share of the Net Pension Liability  
Oklahoma Firefighter's Pension and Retirement System  
Last 10 Fiscal Years \***

	June 30, <u>2015</u>	June 30, <u>2016</u>	June 30, <u>2017</u>	June 30, <u>2018</u>	June 30, <u>2019</u>
Town's proportion of the net pension liability	.0024	.003137	.003217	.003217	.0051875
Town's proportionate share of the net pension liability	\$24,763	\$33,298	\$39,309	\$39,309	\$58,393
Town's covered employee payroll (all volunteers)	N/A	N/A	N/A	N/A	N/A
Town's proportionate share of the net pension Liability as a percentage of its covered employee Payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the Total pension liability	68.12%	68.27%	64.87%	66.87%	70.37%
	June 30, <u>2020</u>	June 30, <u>2021</u>	June 30, <u>2022</u>	June 30, <u>2023</u>	
Town's proportion of the net pension liability	.19403	.0000	.00343	.0015538	
Town's proportionate share of the net pension liability	\$20,502	\$ --	\$22,589	\$20,319	
Town's covered employee payroll (all volunteers)	N/A	N/A	N/A	N/A	
Town's proportionate share of the net pension Liability as a percentage of its covered employee Payroll	N/A	N/A	N/A	N/A	
Plan fiduciary net position as a percentage of the Total pension liability	72.85%	69.98%	84.24%	69.49%	

\* The amounts present for each fiscal year were determined as of June 30 of the previous year.

Notes to Schedule:

Only the current fiscal year and eight previous fiscal years are presented because 10- year data is not yet available.

**TOWN OF SALINA, OKLAHOMA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2023**  
**(UNAUDITED)**

	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget Positive (Negative)
Beginning budgetary fund balance	<u>\$ 142,048</u>	<u>\$ 142,048</u>	<u>\$ 142,048</u>	<u>\$ --</u>
Resources (inflows)				
Taxes				
Franchise taxes	36,925	36,925	43,670	6,745
Use tax	130,172	130,172	202,966	72,794
Sales tax	<u>360,343</u>	<u>360,343</u>	<u>425,539</u>	<u>65,196</u>
Total taxes	<u>527,440</u>	<u>527,440</u>	<u>672,175</u>	<u>144,735</u>
Intergovernmental				
Alcoholic beverage tax	14,889	14,889	15,342	453
Cigarette tax	<u>4,678</u>	<u>4,678</u>	<u>4,565</u>	<u>( 113)</u>
Total intergovernmental	<u>19,567</u>	<u>19,567</u>	<u>19,907</u>	<u>340</u>
Fines and forfeitures				
Police fines	<u>66,408</u>	<u>66,408</u>	<u>66,026</u>	<u>( 382)</u>
Total fines and forfeitures	<u>66,408</u>	<u>66,408</u>	<u>66,026</u>	<u>( 382)</u>
Licenses and permits				
Various permits	<u>981</u>	<u>981</u>	<u>4,649</u>	<u>3,668</u>
Total licenses and permits	<u>981</u>	<u>981</u>	<u>4,649</u>	<u>3,668</u>
Investment income	<u>131</u>	<u>131</u>	<u>286</u>	<u>155</u>
Miscellaneous				
Miscellaneous	25,541	25,541	70,563	45,022
Sale of assets	--	--	1,575	1,575
Transfers (net)	--	--	301,617	301,617
Grants	<u>150,455</u>	<u>150,455</u>	<u>282,689</u>	<u>132,234</u>
Total miscellaneous	<u>175,996</u>	<u>175,996</u>	<u>656,444</u>	<u>480,448</u>
Amounts available for appropriation	<u>932,571</u>	<u>932,571</u>	<u>1,561,535</u>	<u>628,964</u>
Charges to appropriations (outflows)				
Personal services	664,438	664,438	571,524	92,914
Maintenance and operation	268,133	268,133	649,064	( 380,931)
Capital outlay	<u>--</u>	<u>--</u>	<u>143,389</u>	<u>( 143,389)</u>
Total	<u>932,571</u>	<u>932,571</u>	<u>1,363,977</u>	<u>( 431,406)</u>
Ending Budgetary Fund Balances	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 197,558</u>	<u>\$ 197,558</u>
Adjustments to reconcile to balance sheet				
Taxes Receivable			113,042	
Miscellaneous receivable			19,962	
Accrued payroll and expenses			<u>(10,634)</u>	
Fund Balance			<u>\$ 319,928</u>	

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for the purpose of additional analysis.

Such statements and schedules include:

- Combining Statements - Nonmajor governmental funds

**TOWN OF SALINA, OKLAHOMA  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<u>Cemetery Fund</u>	<u>Street and Alley Fund</u>	<u>Police Donations Fund</u>	<u>Tribal Fund</u>	<u>Total</u>
<b>ASSETS</b>					
Cash, including time deposits	\$ 49,661	\$ 158,652	\$ 22,452	\$ 2,784	\$ 233,549
Receivables	<u>-</u>	<u>1,284</u>	<u>--</u>	<u>-</u>	<u>1,284</u>
Total Assets	<u>\$ 49,661</u>	<u>\$ 159,936</u>	<u>\$ 22,452</u>	<u>\$ 2,784</u>	<u>\$ 234,833</u>
<b>LIABILITIES</b>					
Accounts payable	<u>750</u>	<u>219</u>	<u>--</u>	<u>--</u>	<u>969</u>
Total liabilities	<u>750</u>	<u>219</u>	<u>--</u>	<u>--</u>	<u>969</u>
<b>FUND BALANCES</b>					
Restricted	<u>48,911</u>	<u>159,717</u>	<u>22,452</u>	<u>2,784</u>	<u>233,864</u>
Total fund balances	<u>48,911</u>	<u>159,717</u>	<u>22,452</u>	<u>2,784</u>	<u>233,864</u>
Total liabilities and fund balances	<u>\$ 49,661</u>	<u>\$ 159,936</u>	<u>\$ 22,452</u>	<u>\$ 2,784</u>	<u>\$ 234,833</u>

**TOWN OF SALINA, OKLAHOMA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023**

	<u>Cemetery Fund</u>	<u>Street and Alley Fund</u>	<u>Police Donations Fund</u>	<u>Tribal Fund</u>	<u>Total</u>
<b>Revenues</b>					
Other Taxes	\$ --	\$ 9,850	\$ --	\$ --	\$ 9,850
Grants and contributions	4,612	--	10,565	--	15,177
Interest	191	389	17	2	596
Miscellaneous	<u>10,075</u>	<u>--</u>	<u>500</u>	<u>2,864</u>	<u>13,439</u>
Total revenues	<u>14,878</u>	<u>10,236</u>	<u>11,082</u>	<u>2,864</u>	<u>39,062</u>
<b>Expenditures</b>					
Police	--	--	4,358	82	4,440
Cemetery	11,161	--	--	--	11,161
Street	--	36,187	--	--	36,187
Capital outlay	<u>--</u>	<u>9,504</u>	<u>--</u>	<u>--</u>	<u>9,504</u>
Total expenditures	<u>11,161</u>	<u>45,691</u>	<u>4,358</u>	<u>82</u>	<u>61,292</u>
Excess (deficiency) of revenues over expenditures	<u>3,717</u>	<u>(35,455)</u>	<u>6,724</u>	<u>2,784</u>	<u>(22,230)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in (out)	<u>--</u>	<u>72,097</u>	<u>(35,861)</u>	<u>--</u>	<u>36,236</u>
Net Change in Fund balances	3,717	36,642	(29,137)	2,784	14,006
Fund balances - Beginning of Year	<u>45,194</u>	<u>123,075</u>	<u>51,589</u>	<u>--</u>	<u>219,858</u>
Fund Balances - End of Year	<u>\$ 48,911</u>	<u>\$ 159,717</u>	<u>\$ 22,452</u>	<u>\$ 2,784</u>	<u>\$ 233,864</u>



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

To the Board of Trustees  
Town of Salina, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Salina, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Salina, Oklahoma's basic financial statements, and have issued our report thereon dated February 24, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Salina, Oklahoma's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing out opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Salina, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Salina, 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not noted.

**Report on Compliance and Other Matters**

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

*Hood and Associates CPAs PC*

Tulsa, Oklahoma  
February 24, 2025



Town of Salina  
Schedule of Findings and Results – Current Year  
For the Year Ended June 30, 2023

There were no significant audit findings noted during the audit performed for the fiscal year ended June 30, 2023.

Town of Salina  
Schedule of Findings and Results – Prior Year  
For the Year Ended June 30, 2022

There were no significant audit findings noted during the audit performed for the fiscal year ended June 30, 2022.